

**REPORT OF THE AUDIT OF THE
KNOX COUNTY
FISCAL COURT**

**For The Fiscal Years Ended
June 30, 2003, 2004, and 2005**



**CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS
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2003 KNOX COUNTY FISCAL COURT

EXECUTIVE SUMMARY	1
INDEPENDENT AUDITOR’S REPORT	3
KNOX COUNTY OFFICIALS	5
FOURTH QUARTER FINANCIAL STATEMENT	9
COMMENTS AND RECOMMENDATIONS	33
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	47
CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM	51

2004 KNOX COUNTY FISCAL COURT

EXECUTIVE SUMMARY	55
INDEPENDENT AUDITOR’S REPORT	57
KNOX COUNTY OFFICIALS	61
FOURTH QUARTER FINANCIAL STATEMENT	65
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	93
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	115
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	121
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	125
CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM	129

2005 KNOX COUNTY FISCAL COURT

EXECUTIVE SUMMARY	133
INDEPENDENT AUDITOR’S REPORT	135
KNOX COUNTY OFFICIALS	139
FOURTH QUARTER FINANCIAL STATEMENT	143
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	177
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	203
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	209
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	213
CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM	217

APPENDIX A

SCHEDULE OF IRREGULARLY NEGOTIATED CHECKS	220
COPIES OF CANCELLED CHECKS	222

APPENDIX B

ROAD INVOICES	235
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KNOX COUNTY FISCAL COURT

For The Year Ended June 30, 2003

EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE KNOX COUNTY FISCAL COURT

June 30, 2003

The Auditor of Public Accounts was engaged to audit the financial activity of the Knox County Fiscal Court for fiscal year ended June 30, 2003, and we have issued a disclaimer of opinion thereon.

Based on our assessment of fraud risk, we determined the risk for fraud to be too high and we were unable to apply other procedures to overcome this fraud risk. In addition, the Fiscal Court had weaknesses in the design and operation of its internal control procedures and accounting functions. Furthermore, management elected to override the internal control procedures that were in place. In addition, management did not provide us with a representation letter required by generally accepted auditing standards. The significance of these issues, in the aggregate, prevents us from expressing an opinion and we do not express an opinion on the financial activities of the Knox County Fiscal Court.

Report Comments:

- 2003-01 The County Should Follow Proper Payroll Procedures
- 2003-02 The Fiscal Court Should Properly Prepare A Schedule Of Expenditures of Federal Awards
- 2003-03 The County Should Ensure That The Same Level Of Health Insurance Benefits Are Provided To All County Employees As Stated In Kentucky Attorney General Opinion (OAG) 94-15
- 2003-04 The County Should Accurately Report Encumbrances On Their Fourth Quarter Financial Report
- 2003-05 The Jailer Did Not Maintain Accounting Records For The Jail Canteen Fund
- 2003-06 The County Should Improve Their Internal Control Procedures
- 2003-07 The County Treasurer Should Prepare An Accurate Fourth Quarter Financial Statement
- 2003-08 The Former Fiscal Court Should Not Expend More Than Sixty-Five Percent In Any Fund Budgeted For First Half Of Each Fourth Year
- 2003-09 The Fiscal Court Minutes Should Be Complete, Adequately Maintained, And Filed In The County Clerk's Office
- 2003-10 The Fiscal Court Should Review The Administrative Code Annually As Required By KRS 68.005(2)
- 2003-11 Payments Totaling \$30,481 To A Company Were Deposited Into A Bank Account Of A Company In Which Relatives Of The Knox County Judge/Executive Serve As Officers
- 2003-12 The County Should Pay Invoices Timely
- 2003-13 Fiscal Court Should Take Corrective Actions Regarding Prior Year Comments



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
 Honorable Ernie Fletcher, Governor
 Robbie Rudolph, Secretary
 Finance and Administration Cabinet
 Honorable Raymond Smith, Knox County Judge/Executive
 Honorable Gerald K. West, Former Knox County Judge/Executive
 Members of the Knox County Fiscal Court

Independent Auditor's Report

We were engaged to audit the financial activity contained in the Fourth Quarter Report of Knox County, Kentucky, as of and for the year ended June 30, 2003. The financial activity is the responsibility of the Knox County Fiscal Court.

The financial activity contained in the Fourth Quarter Report is intended to present budgeted and actual revenues and expenditures of the Knox County Fiscal Court on the cash basis of accounting and also the long-term debt of the Fiscal Court. Actual revenues and expenditures are recognized when received or paid rather than when earned or incurred. The presentation of the financial activity contained in the Fourth Quarter Report is not intended to be a presentation in conformity with generally accepted accounting principles.

Based on our assessment of fraud risk, we determined the risk of fraud to be too high, and we were unable to apply other procedures to overcome this fraud risk. In addition, the Fiscal Court had weaknesses in the design and operation of its internal control procedures and accounting functions. Furthermore, management elected to override the internal control procedures that were in place. In addition, management did not provide us with a representation letter required by generally accepted auditing standards.

Because of the high level of fraud risk, internal control weakness, management overrides of controls, and failure to provide a management representation letter, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial activity contained in the report referred to in the first paragraph.

In accordance with Government Auditing Standards, we have also issued our report dated March 31, 2006, on our consideration of Knox County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.



To the People of Kentucky
Honorable Ernie Fletcher, Governor
Robbie Rudolph, Secretary
Finance and Administration Cabinet
Honorable Raymond Smith, Knox County Judge/Executive
Honorable Gerald K. West, Former Knox County Judge/Executive
Members of the Knox County Fiscal Court

Based on the results of our audit, we present the schedule of findings and questioned costs, included herein, which discusses the following report comments:

- 2003-01 The County Should Follow Proper Payroll Procedures
- 2003-02 The Fiscal Court Should Properly Prepare A Schedule Of Expenditures of Federal Awards
- 2003-03 The County Should Ensure That The Same Level Of Health Insurance Benefits Are Provided To All County Employees As Stated In Kentucky Attorney General Opinion (OAG) 94-15
- 2003-04 The County Should Accurately Report Encumbrances On Their Fourth Quarter Financial Report
- 2003-05 The Jailer Did Not Maintain Accounting Records For The Jail Canteen Fund
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- 2003-12 The County Should Pay Invoices Timely
- 2003-13 Fiscal Court Should Take Corrective Actions Regarding Prior Year Comments

Respectfully submitted,



Crit Luallen
Auditor of Public Accounts

Audit fieldwork completed -
March 31, 2006

KNOX COUNTY OFFICIALS

For The Year Ended June 30, 2003

Fiscal Court Members:

Raymond C. Smith	County Judge/Executive
Carson Gilbert	Magistrate
Willard Bargo	Magistrate
Vernon Hamilton	Magistrate
Doyle Gibson	Magistrate
Giulio Cima	Magistrate

Other Elected Officials:

Charley Dixon, Jr.	County Attorney
Preston Smith	Jailer
Mike Corey	County Clerk
Greg Helton	Circuit Court Clerk
John Pickard	Sheriff
Bill Oxendine	Property Valuation Administrator
Jerry Garland	Coroner

Appointed Personnel:

Wanda F. Moore	County Treasurer
Wanda F. Moore	Occupational Tax Collector
Amy Lambert	Finance Officer

KNOX COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2003

LF 1002.009
Rev. 9/98

Knox County

Page 1 of 19

Part Two

Period Ending 6/30/03**County Financial Statement
Appropriation Condition Section**

- (1) List in sequence all budgeted appropriation accounts by fund. Total each fund. Post total claims allowed on line two of summary cover page. Use as many pages as necessary
- (2) Report all disbursements for each fund.
- (3) This report is to be prepared cumulatively by quarter and is due pursuant to KRS 68.360 at the close of each quarter.
- (4) Submit this report to:

The Department for Local Government
The State Local Finance Officer
1024 Capital Center Dr., Suite 340
Frankfort, KY 40601

To the best of my knowledge the information contained herein is accurate and complete.

(Signed)


(County Judge Executive)

Governor's Office for Local Development County Financial Reports Upload Signature Page	The following financial files have been recieved from Knox County for the 4th Quarter of the fiscal year ending June 30, 2005: <ol style="list-style-type: none">1. HEADER.TXT (210)2. SUMMARY.TXT (3740)3. RECONCIL.TXT (3740)4. RECEIPTS.TXT (42008)5. DISBURSE.TXT (93992)6. MYLIABIL.TXT (3744)7. SHORTTRM.TXT (0)8. TOTLIBL.TXT (49)	RECEIVED AUG - 3 2005 Div. of Financial Management & Administration
	If you recieve any errors, please contact the GOLD Internet Administrator and provide the contents of this page. Thank you.	

Sign-Off Form

Please Print this out and Fax it back with
the following signatures to 1-502-573-3712

Produced on:
8/3/2005 8:40:35 AM

To the best of my knowledge the information contained herein is accurate and complete.

(Signed)



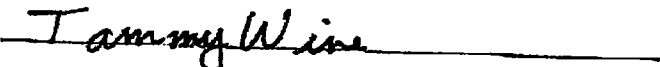
County Judge/Executive

08-03-05

Date

To the best of my knowledge the information contained herein is accurate and complete.

(Signed)



County Treasurer

08-03-05

Date

End of UFIR Report

RECEIVED
AUG 25 2003

FINANCIAL STATEMENT

Knox County Fiscal Court

July 1, 2002 through June 30, 2003

DIV OF FINANCIAL SERVICES

SUMMARY

FUND	01 GENERAL FUND	02 ROAD FUND	03 JAIL FUND	04 LGEA FUND	911 Fund	Kay Jay Recreation Fund	Timberland Tax Fund
Total Receipts To Date	2,504,823.92	2,223,348.09	1,011,316.55	1,034,066.41	627,834.44	12,801.73	4,762.40
Total Claims Allowed	2,019,230.98	2,066,978.84	951,471.96	910,848.28	201,522.75	9,129.72	3,616.00
Cash Balance	485,592.94	156,369.25	59,844.59	123,218.13	426,311.69	3,672.01	1,146.40
Encumbrances	-0-	-0-	-0-	-0-	-0-	-0-	-0-

RECONCILIATION

FUND	01 GENERAL FUND	02 ROAD FUND	03 JAIL FUND	04 LGEA FUND	911 Fund	Kay Jay Recreation Fund	Timberland Tax Fund
Bank Balance	561,948.55	120,443.86	102,584.06	223,218.13	429,077.36	3,672.01	1,146.40
Plus Deposits In Transit	482.56	100,008.90	-0-	-0-	-0-	-0-	-0-
Less Checks Outstanding	76,838.17	64,083.51	42,739.47	100,000.00	2,765.67	-0-	-0-
Other*	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Cash Balance	485,592.94	156,369.25	59,844.59	123,218.13	426,311.69	3,672.01	1,146.40

FINANCIAL STATEMENT
July 1, 2002, to June 30, 2003

76 13

FUND	Harlan/Knox Co Joint E911	Solid Waste Fund	TOTAL FUNDS
Total Receipts To Date	131,429.92	81,483.73	7,631,867.19
Total Claims Allowed	131,429.92	63,985.81	6,358,214.26
Cash			
Balance	-0-	17,497.92	1,273,652.93
Encumbrances	-0-	-0-	-0-

*Sinking Creek Water Project Grant included in Solid Waste Fund

RECONCILIATION

FUND	Harlan/Knox Co Joint E911	Solid Waste Fund	TOTAL FUNDS
Bank			
Balance	-0-	17,632.92	1,459,723.29
Plus Deposits In Transit	-0-	-0-	100,491.46
Less Checks Outstanding	-0-	135.00	286,561.82
Other			
Cash	-0-	-0-	-0-
Balance	-0-	17,497.92	1,273,652.93

TO THE BEST OF MY KNOWLEDGE THE INFORMATION CONTAINED HEREIN IS ACCURATE AND COMPLETE

(Signed)

Wanda M. Mc

County Treasurer

8/19/03

Date

[Signature]
County Judge Executive

8-19-03

Date

01 General Fund

*Knox County Fiscal Court
Period Ending June 30, 2003*

Acct. Code	Description	Original Budget Estimate	Amend-ments	Received This Quarter	Total Received To Date	Under (Over) Budget
4101	Real Property Taxes	600,000.00		548,375.21	559,247.21	40,752.79
4102	Personal Prop. Taxes	15,000.00		-0-	8,320.92	6,679.08
4103	Motor Vehicle Taxes	140,000.00		39,967.29	131,651.12	8,348.88
4104	Delinquent Taxes	100,000.00		8,762.81	43,333.28	56,666.72
4107	Unm ned Minterals	-0-		2,124.46	2,124.46	(2,124.46)
4121	Advertising	-0-		-0-	20.00	(20.00)
4130	Bank Franchise Dep.	72,000.00		-0-	73,096.51	(1,096.51)
4131	Franchise Tax	130,000.00		24,423.56	132,135.24	(2,135.24)
(2	Occupational Tax	1,700,000.00		402,801.56	1,587,247.58	112,752.42
4135	Deed Transfer	28,000.00		6,173.00	28,373.08	(373.08)
4203	TVA	-0-		-0-	10.94	(10.94)
4401	Comm. Bus. Lic.	300.00		40.00	180.00	120.00
4501	Omitted Property Taxes	-0-	25,108.61	1,632.63	19,765.63	5,342.98
4504	Federal Grants	-0-	80,409.39	-0-	80,409.39	-0-
4505	Motax from Other Co.	-0-		5,342.73	12,196.68	(12,196.68)
4510	State Grants	-0-	27,500.00	37,500.00	65,000.00	(37,500.00)
4520	Election Expenses	8,000.00	10,000.00	9,000.00	18,000.00	-0-
4521	Board of Assess.	200.00		2,200.00	2,200.00	(2,000.00)
4522	Legal Fees	200.00		-0-	171.13	28.87
4523	Dog License Refund	10.00		-0-	-0-	10.00
4526	Strip Mine Permits	3,000.00		-0-	-0-	3,000.00
4532	Space Rental (AOC)	80,000.00	17,569.00	28,125.75	97,596.00	(27.00)
4539	Sheriff KIEPF	17,000.00		-0-	-0-	17,000.00
4541	DES Reimbursement	7,000.00		1,403.82	7,358.00	(358.00)
4548	County Clerk Fees	450,000.00		15,372.71	179,431.53	270,568.47
4549	County Sheriff Fees	300,000.00		181,056.61	206,735.37	93,264.63
4701	Vending Comm.	1,200.00		422.96	1,417.53	(217.53)
4727	Reimbursements	-0-	54,813.00	130.00	54,916.02	(103.02)
4731	Misc Revenues	5,000.00		500.00	500.00	4,500.00
4733	Insurance Reimb.	80,000.00		18,680.07	93,336.02	(13,336.02)
4798	Other Receipts (KCH)	-0-	344,490.85	-0-	172,544.36	171,946.49
4799	Other Receipts	1,000.00		14,347.43	32,443.61	(31,443.61)
4911	Borrowed Money	-0-		-0-	14,484.04	(14,484.04)
4806	Interest on Checking	10,000.00		1,015.05	2,607.05	7,392.95
	Total Revenues	3,747,910.00	559,890.85	1,349,397.65	3,626,852.70	680,948.15
4902	Prior Year Carryover	200,000.00			196,340.71	3,659.29
4906	Prior Year Surplus	-0-				-0-
4909	Transfer Out	1,700,000.00		626,991.00	1,389,743.89	310,256.11
4910	Transfer In	-0-			71,374.40	(71,374.40)
	Total Receipts	2,247,910.00	559,890.85		2,504,823.92	302,976.93

02 Road Fund

Knox County Fiscal Court
Period Ending June 30, 2003

[illegible]

03 Jail Fund

*Knox County Fiscal Court
Period Ending June 30, 2003*

[illegible]

03 Jail Fund

Knox County Fiscal Court
Period Ending June 30, 2003

[illegible]

Total Receipts	1,025.00	4,702.70	(3,121.70)
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04 LGEA Fund

*Knox County Fiscal Court
Period Ending June 30, 2003*

Acct. Code	Description	Original Budget Estimate	Amend-ments	Received This Quarter	Total Received To Date	Under (Over) Budget
4508	LGEA Econ. Dev. Grant	528,000.00	218,375.00	26,565.00	782,565.00	(36,190.00)
4527	Coal Severance	180,000.00		42,867.48	189,764.05	(9,764.05)
4529	Mineral Severance	190,000.00		26,068.15	128,388.25	61,611.75
4799	Other Receipts	1,000.00		-0-	1,200.00	(200.00)
4806	Interest on Checking	4,000.00		917.51	3,736.36	263.64
	Total Revenues	903,000.00	218,375.00	96,418.14	1,105,653.66	15,721.34
4902	Prior Year Carryover	80,000.00		43,412.75	43,412.75	36,587.25
4906	Prior Year Surplus					
4909	Transfer Out	-0-		100,000.00	115,000.00	(115,000.00)
4910	Transfer In	-0-				
	Total Receipts	983,000.00	218,375.00		1,034,066.41	167,308.59

78 Timberland Tax

*Knox County Fiscal Court
Period Ending March 31, 2003*

Acct. Code	Description	Original Budget Estimate	Amend-ments	Received This Quarter	Total Received To Date	Under (Over) Budget
4119	Forestry	1,500.00		1,178.56	1,178.56	321.44
4806	Interest on Checking	25.00		4.05	15.93	9.07
	Total Revenues	1,525.00		1,182.61	1,194.49	330.51
4902	Prior Year Carryover	100.00			1,576.91	(1,476.91)
4906	Prior Year Surplus	-0-				
4909	Transfer Out	-0-				-0-
4910	Transfer In	-0-		1,991.00	1,991.00	(1,991.00)
	Total Receipts	1,625.00			4,762.40	(3,137.40)

76 Kay Jay Fund

*Knox County Fiscal Court
Period Ending June 30, 2003*

Acct. Code	Description	Original Budget Estimate	Amend-ments	Received This Quarter	Total Received To Date	Under (Over) Budget
4510	State Grants	37,000.00		-0-	-0-	37,000.00
4806	Interest on Checking	100.00		14.16	76.53	23.47
	Total Revenues	37,100.00		14.16	76.53	37,023.47
4902	Prior Year Carryover	1,000.00			12,725.20	(11,725.20)
4906	Prior Year Surplus	-0-				
4909	Transfer Out	-0-			-0-	
4910	Transfer In	-0-			-0-	
		38,100.00			12,801.73	25,298.27

75 911 Fund

*Knox County Fiscal Court
Period Ending June 30, 2003*

Acct. Code	Description	Original Budget Estimate	Amend-ments	Received This Quarter	Total Received To Date	Under (Over) Budget
4140	Telephone 911 fees	180,000.00		33,550.10	160,979.41	19,020.59
4806	Interest	8,000.00		1,767.81	7,420.86	579.14
4691	GIS Map Sales	-0-			60.00	(60.00)
4726	Insurance Proceeds	-0-			1,276.95	(1,276.95)
4799	Misc.	-0-			1,374.40	(1,374.40)
		188,000.00		35,317.91	171,111.62	16,888.38
4902	Prior Year Carryover	300,000.00			355,675.41	(55,675.41)
4906	Prior Year Surplus	-0-				
4909	Transfer Out	-0-		1,374.40	1,374.40	1,374.40
4910	Transfer In	-0-		91,545.92	102,421.81	(102,421.81)
	Total Receipts	488,000.00			627,834.44	(139,834.44)

13 Solid Waste Fund

*Knox County Fiscal Court
Period Ending June 30, 2003*

Acct. Code	Description	Original Budget Estimate	Amend-ments	Received This Quarter	Total Received To Date	Under (Over) Budget
4504	State Grant	53,480.00	100,000.00	4,753.25	127,669.40	25,810.60
4731	Misc Revenues	5,000.00		318.30	413.25	4,586.75
4799	Other Receipts	1,000.00		-0-	20.00	980.00
	Total Revenues	59,480.00	100,000.00	5,071.55	128,102.65	31,377.35
4902	Prior Year Carryover	10,000.00			21,504.08	(11,504.08)
4906	Prior Year Surplus	-0-				
4909	Transfer Out	-0-			*70,000.00	70,000.00
4910	Transfer In	-0-			1,877.00	(1,877.00)
		69,480.00	100,000.00		81,483.73	87,996.27

*Repayment for a loan made by General Fund for Solid Waste Fund FY 2001-2002

Harlan-Knox County Joint E911

*Knox County Fiscal Court
Period Ending June 30, 2003*

Acct. Code	Description	Original Budget Estimate	Amend-ments	Received This Quarter	Total Received To Date	Under (Over) Budget
4502	Wireless 911 Surcharge	96,000.00		10,608.95	63,047.41	32,952.59
4806	Interest	1,200.00		167.73	1,502.43	(302.43)
	Total Revenues	97,200.00		10,776.68	64,549.84	32,650.16
4902	Prior Year Carryover	100,000.00			158,426.00	(58,426.00)
4906	Prior Year Surplus	-0-				
4909	Transfer Out	-0-		91,545.92	91,545.92	(91,545.92)
4910	Transfer In	-0-				
	Total Receipts	197,200.00			131,429.92	(65,770.08)

Knox County Financial Statement
Appropriation Condition Report
July 1, 2002, to June 30, 2003

Appropriation Account No	Name of Appropriation Account	Original Budget Approp.	Amend-ments	Transfers + or -	Total Available	Claims Allowed Since July	Free Balance
01-5001-101	Judge Executive Salary	71,152.94			71,152.94	69,499.85	1,653.09
01-5001-103	Deputy Judge Salary	21,000.00		+10,000.00	31,000.00	27,249.70	3,750.30
01-5001-104	Finance Officer	16,800.00		+1,120.00	17,920.00	17,920.00	-0-
01-5001-105	Administrative Assistant	-0-		+2,575.00	2,575.00	2,574.00	1.00
01-5001-167	Clerical	-0-		+2,208.50	2,208.50	2,208.50	-0-
01-5001-179	Temporary/part-time clerical	12,480.00		+8,700.00	21,180.00	18,132.96	3,047.04
01-5001-212	Training Fringe Benefit	2,964.68		-2,964.68	-0-	-0-	-0-
01-5001-301	Accounting Services	10,000.00		-10,000.00	-0-	-0-	-0-
01-5001-319	Acct. Software Development	-0-		+14,485.00	14,485.00	14,485.00	-0-
01-5001-445	Office Supplies	9,000.00		+1,200.00	10,200.00	9,870.50	329.50
01-5001-499	Other Materials and Supplies	1,000.00			1,000.00	982.47	17.53
01-5001-573	Judge's Office Telephone	10,000.00			10,000.00	6,581.46	3,418.54
01-5005-101	County Attorney Salary	11,400.00			11,400.00	11,828.54	(428.54)
01-5005-165	County Attorney Secretary	5,520.00		+23,703.00	29,223.00	29,222.37	.63
01-5005-445	County Attorney Office Supplies	1,800.00			1,800.00	595.84	1,204.16
01-5005-573	County Attorney Telephone	1,800.00		+900.00	2,700.00	2,238.42	461.58
01-5010-301	County Clerk Audit	-0-		+2,762.00	2,762.00	2,761.35	.65
01-5010-302	County Clerk Advertising	-0-		+3,423.00	3,423.00	1,966.74	1,456.26
01-5010-368	County Clerk Tax Bills	8,000.00		+3,000.00	11,000.00	10,721.00	279.00
01-5010-364	Clerk Rental	6,000.00		+500.00	6,500.00	6,500.00	-0-
01-5010-531	Insurance and Bonds	-0-		+155.00	155.00	154.28	.72
01-5010-563	Postage	-0-		+20.00	20.00	17.22	2.78
01-5010-573	County Clerk Telephone	4,800.00		+5,500.00	10,300.00	10,122.33	177.67
01-5010-574	Training	-0-		+1,484.00	1,484.00	1,483.81	.19
01-5010-578	Clerk Utilities	800.00		+150.00	950.00	870.80	79.20
01-5015-101	County Sheriff Salary	-0-		+40,737.00	40,737.00	32,836.37	7,900.63
01-5015-103	Deputies Salaries	-0-		+102,000.00	102,000.00	100,018.34	1,981.66
01-5015-103FC	Deputies Salaries	-0-		+13,500.00	13,500.00	20,115.17	(6,615.17)
01-5015-181	Deputies Incentive Pay	17,000.00		-9,000.00	8,000.00	6,776.18	1,223.82
01-5015-301	Legal and Accounting	-0-		+7,811.00	7,811.00	7,810.38	.62
01-5015-302	Advertising	13,500.00		-10,000.00	3,500.00	1,649.39	1,850.61
01-5015-318	Sheriff Data Processing	-0-		+2,400.00	2,400.00	2,525.20	(125.20)
01-5015-340	Vehicle Maintenance and Repair	-0-		+19,838.50	19,838.50	10,410.37	9,428.13

Appropriation Account No.	Name of Appropriation Account	Original Budget Approp.	Amendments	Transfers + or -	Total Available	Claims Allowed Since July	Free Balance
01-5015-348	Sheriff, Petty Cash	-0-		+1,100.00	1,100.00	1,100.00	-0-
01-5015-369	Sheriff, Towing	-0-		+85.00	85.00	85.00	-0-
01-5015-399	Transportation Officer	-0-		+3,200.00	3,200.00	3,200.00	-0-
01-5015-445	Office Supplies and Materials	-0-		+5,000.00	5,000.00	2,859.52	2,140.48
01-5015-455	Petroleum Products	-0-		+10,831.50	10,831.50	10,488.09	343.41
01-5015-481	Uniforms	-0-		+14,110.00	14,110.00	14,077.47	32.53
01-5105-499	Other Supplies & Materials	-0-		+2,500.00	2,500.00	779.29	1720.71
01-5015-531	Insurance and Bonds	-0-		+1,350.00	1,350.00	911.16	438.84
01-5015-551	Sheriff's Office/Membership Dues	-0-		+1,010.00	1,010.00	-0-	1010.00
01-5015-563	Postage	-0-		+9,000.00	9,000.00	8,678.40	321.60
01-5015-569	Staff Training	-0-		+615.00	615.00	615.00	-0-
01-5015-573	Telephone	4,500.00		+500.00	5,000.00	4,717.95	282.05
01-5015-703	Radios	-0-		+4,910.00	4,910.00	4,909.62	.38
01-5015-723	Sheriff/Motor Vehicles	-0-		+9,750.00	9,750.00	9,750.00	-0-
01-5015-725	Office Equipment	-0-		+1,652.00	1,652.00	1,651.83	.17
01-5015-751	Sheriff's Equipment	-0-		+604.00	604.00	303.06	300.94
01-5015-902	Payment Loan to Government Agency	-0-		+132,415.95	132,415.95	132,415.95	-0-
01-5020-101	County Coroner Salary	15,833.00		+853.00	16,686.00	16,685.52	.48
01-5020-103	Deputy Coroner Salary	5,200.00		+200.00	5,400.00	5,400.00	-0-
01-5020-308	Autopsy Trips	2,000.00		+2,000.00	4,000.00	3,489.00	511.00
01-5020-446	County Coroner Supplies	500.00			500.00	309.00	191.00
01-5020-573	County Coroner Telephone	1,200.00			1,200.00	223.16	976.84
01-5025-101	Magistrates Salaries	93,220.00		+5,015.00	98,235.00	98,234.45	.55
01-5025-167	Fiscal Court Clerk Salary	1,200.00		+150.00	1,350.00	1,350.00	-0-
01-5025-212	Magistrates' Fringe Benefit	4,447.00		+754.00	5,201.00	5,200.84	.16
01-5025-302	Fiscal Court Printing/Advertising	20,000.00		-11,549.19	8,450.81	7,204.08	1,246.73
01-5030-302	PVA Advertising	100.00			100.00	100.00	-0-
01-5030-367	PVA	25,000.00		+5,621.00	30,621.00	30,621.00	-0-
01-5030-573	PVA Telephone	1,700.00			1,700.00	1,355.95	344.05
01-5030-576	PVA Travel	300.00			300.00	300.00	-0-
01-5035-191	Board of Assessment Appeals	1,000.00		+3,400.00	4,400.00	4,400.00	-0-
01-5040-102	County Treasurer's Salary	23,000.00			23,000.00	21,683.50	1,316.50
01-5040-445	County Treasurer Office Supplies	1,000.00			1,000.00	290.55	709.45
01-5047-319	Occupational Tax Software	-0-		+5,995.00	5,995.00	5,995.00	-0-
01-5047-413	Occupational Tax Data Processing	-0-		+2,250.00	2,250.00	2,158.00	92.00

	Name of Appropriation Account	Original Budget Approp.	Amend- ments	Transfers + or -	Total Available	Claims Allowed Since July	Free Balance
01-5047-445	Occupational Tax Supplies	5,000.00		-3,545.00	1455.00	800.52	654.48
01-5047-563	Postage	-0-		+1,300.00	1,300.00	518.00	782.00
01-5047-567	Occupational Tax Refunds	8,000.00			8,000.00	1,914.69	6,085.31
01-5047-725	Occupational Office Equipment	5,000.00		-5,000.00	-0-	-0-	-0-
01-5060-101	County Law Library	600.00			600.00	650.00	(50.00)
01-5065-192	Election Officers	16,000.00		+16,381.00	32,381.00	32,358.66	22.34
01-5065-193	Election Commissioners	2,000.00		+2,000.00	4,000.00	4,000.00	-0-
01-5065-302	Election Advertising	5,515.00			5,515.00	745.00	4770.00
01-5065-341	Election Maintenance and Repairs	8,000.00		+8,650.00	16,650.00	16,627.11	22.89
01-5065-347	Polling Place Rental	2,000.00		+300.00	2,300.00	2,300.00	-0-
01-5065-399	Delivery of Voting Machines	500.00		+1,400.00	1,900.00	1,500.00	400.00
01-5065-725	Election Equipment	-0-		+584.00	584.00	583.60	.40
01-5075-398	Econ. Dev. Contract Services	13,333.36		+20,000.00	33,333.36	30,000.01	3,333.35
01-5075-446	Economic Development	1,000.00		+10,000.00	11,000.00	10,000.00	1,000.00
01-5080-175	Custodial Personnel	52,000.00		-7,500.00	44,500.00	44,065.53	434.47
01-5080-177	Maintenance & Grounds Personnel	-0-		+6,200.00	6,200.00	6021.76	178.24
01-5080-336	Courthouse Maintenance and Repair	30,000.00		+17,500.00	47,500.00	47,044.68	455.32
01-5080-364	Rentals	5,200.00			5,200.00	2,600.00	2,600.00
01-5080-366	Garbage Collection	3,000.00			3,000.00	1,625.00	1,375.00
01-5080-406	Courthouse Supplies	8,000.00			8,000.00	4,588.57	3,411.43
01-5080-570	Courthouse Renewal and Repair	90,000.00		-64,000.00	26,000.00	23,755.67	2,244.33
01-5080-578	Utilities	30,000.00			30,000.00	29,320.21	679.79
01-5085-304	County Properties & Appraisal	-0-		+450.00	450.00	450.00	-0-
01-5110-398	Contractual Services/Juvenile Transportation	20,000.00		-10,000.00	10,000.00	8,624.55	1,375.45
01-5120-348	County Fire Department Support	22,500.00		-22,500.00	-0-	-0-	-0-
01-5135-107	DES Salary	10,000.00		+6,700.00	16,700.00	18,000.00	(1,300.00)
01-5135-327-1	FEMA Fiscal Agent	-0-		+5,595.01	5,595.01	5,595.01	-0-
01-5135-212	DES Training	500.00			500.00	-0-	500.00
01-5135-445	DES Office Supplies	1,000.00			1,000.00	43.90	956.10
01-5135-455	DES Petroleum Products	1,200.00			1,200.00	236.46	963.54
01-5145-107	Emergency Dispatch Director	28,000.00		-28,000.00	-0-	-0-	-0-
01-5160-398	Drug Task Force	-0-		+14,600.00	14,600.00	14,600.00	-0-
01-5175-573	Public Advocacy Telephone	1,500.00			1,500.00	1,392.03	107.97
01-5175-903	Public Advocacy	3,800.00		+424.00	4,224.00	4,224.00	-0-
01-5205-102	Dog Warden	1,000.00		-300.00	700.00	-0-	700.00
01-5205-398	Animal Shelter Contract	-0-		+10,000.00	10,000.00	5,000.00	5,000.00

	Name of Appropriation Account	Original Budget Approp.	Amend- ments	Transfers + or -	Total Available	Claims Allowed Since July	Free Balance
01-5205-499	Misc. Animal Control	-0-		+600.00	600.00	156.42	443.58
01-5205-510	Dog Tags	-0-		+25.00	25.00	23.50	1.50
01-5212-107	Solid Waste Director			+3,335.00	17,335.00	17,325.00	10.00
01-5212-398	Solid Waste/Contractual Services	14,000.00		+27,670.00	27,670.00	27,670.00	-0-
01-5212-441	Solid Waste Equipment	-0-		+1,318.87	1,318.87	1,318.87	-0-
01-5212-445	Solid Waste Office Supplies	3,000.00		-2,150.00	850.00	800.21	49.79
01-5212-455	Solid Waste Petroleum Products	2,400.00		+4,500.00	6,900.00	6,761.29	138.71
01-5212-499	Solid Waste Other Supplies and Materials	1,000.00		+3,100.00	4,100.00	3,276.22	823.78
01-5212-576	Solid Waste Conference/Travel	-0-		+100.00	100.00	11.32	88.68
01-5212-592	Solid Waste Vehicle Maint. And Repairs	1,000.00		+1,200.00	2,200.00	2,066.90	133.10
01-5212-723	Solid Waste Vehicle	-0-		+3,750.00	3,750.00	3,750.00	-0-
01-5220-579	Water Projects/State Grants	-0-		+134,515.00	134,515.00	134,515.00	-0-
01-5330-344	Pauper Burial	1,200.00			1,200.00	200.00	1,000.00
01-7500-607	Interest on Note	-0-		+37,998.01	37,998.01	37,998.01	-0-
01-9100-307	State Audit	-0-		-25,000.00	-0-	-0-	-0-
01-9100-521	Insurance	25,000.00		-70,205.00	79,795.00	79,294.28	500.72
01-9100-551	Memberships	15,000.00			15,000.00	11,119.00	3,881.00
01-9100-569	Training Conference, Registration	10,000.00			10,000.00	6,248.23	3,751.77
01-9100-901	Prior Year Claims	20,000.00		-13,580.00	6,420.00	6,419.30	.70
01-9100-902	Payment to Government Agencies	-0-	344,490.85	-166,964.01	177,526.84	172,544.36	4,982.48
01-9200-999	Reserve for Transfer	794,444.02	215,400.00	-843,059.51	166,784.51	-0-	166,784.51
01-9400-201	Fringe Social Security	77,000.00		-21,650.00	55,350.00	42,276.44	13,073.56
01-9400-202	Fringe Retirement	64,000.00		-18,000.00	46,000.00	46,297.61	(297.61)
01-9400-205	Fringe Medical	225,000.00		-2,343.00	224,976.57	224,976.57	-0-
01-9400-208	Fringe Unemployment	20,000.00		-4,019.95	15,980.05	12,263.58	3,716.47
01-9400-209	Fringe Worker's Compensation	25,000.00		+6,100.00	31,100.00	31,062.98	62.98
	Total General Budget	2,247,910.00	559,890.85	-511,991.00	2,295,809.85	2,019,230.98	\$276,578.87

ROAD FUND

Appropriation Account No.	Name of Appropriation Account	Original Budget Approp.	Amendments	Transfers + or -	Total Available	Claims Allowed Since July	Free Balance
02-5215-348	Litter Abatement Program	-0-		+11,900.00	11,900.00	11,900.00	-0-
02-6103-102	Road Foreman's Salary	77,068.80		+175.00	22,243.80	22,228.56	5.24
02-6103-578	Utilities	4,500.00			4,500.00	1,874.24	2,625.76
02-6105-143	Road Workers' Wages	230,000.00		+3,300.00	232,300.00	260,083.43	(27,783.43)
02-6105-167	Road Dept. Clerical	-0-		+2,000.00	2,000.00	1,920.00	80.00
02-6105-179	Road Dept. Part-time/temporary Clerical	-0-		+1,700.00	1,700.00	1,678.92	21.08
02-6105-302	Road Printing and Advertising	4,000.00			4,000.00	3,910.00	90.00
02-6105-327-1	Fiscal Agent - FEMA	-0-	5,595.01		5,595.01	-0-	5,595.01
02-6105-366	Garbage Service	1,500.00		+250.00	1,750.00	1,625.00	125.00
02-6105-369	Towing Services	-0-		+120.00	120.00	120.00	-0-
02-6105-373	Contract Labor	10,000.00		+3,000.00	13,000.00	6,158.00	6,842.00
02-6105-398-1	Contract Labor - FEMA	-0-			55,000.00	52,170.00	2,830.00
02-6105-398-2	Contract Labor - FEMA	-0-	55,000.00	+35,000.00	35,000.00	30,481.31	4,518.69
02-6105-441	New Machinery and Equipment	100,000.00		-11,720.00	88,280.00	28,532.39	59,747.61
02-6105-443	Repair to Equipment	65,000.00			65,000.00	51,908.76	13,091.24
02-6105-445	Office Supplies	2,000.00			2,000.00	230.61	1,769.39
02-6105-447	Road Materials and Supplies	1,402,000.00	440,493.50	-142,900.00	1,699,593.50	1,042,162.08	657,431.42
02-6105-447-1	Road Materials - FEMA	-0-	117,312.73	-38,200.00	79,112.73	79,056.60	56.13
02-6105-447-2	Road Materials - FEMA	-0-		+125,000.00	125,000.00	98,116.09	26,883.91
02-6105-455	Petroleum Products	40,000.00		+10,000.00	50,000.00	48,822.82	1,177.18
02-6105-481	Uniforms	-0-		+3,000.00	3,000.00	2,712.09	287.91
02-6105-499	Miscellaneous Materials and Supplies	1,000.00		+2,000.00	3,000.00	2,520.16	479.84
02-6105-573	Telephone	800.00		+100.00	900.00	820.86	79.14
02-6105-576	Travel	-0-		+150.00	150.00	30.58	119.42
02-7200-601	Principal on Bonds	155,000.00			155,000.00	154,452.42	547.59
02-7200-605	Interest on Bonds	5,812.50			5,812.50	5,812.50	-0-
02-7700-602	Principal on Lease Payments	2,148.75		+77,000.00	79,148.75	50,722.55	28,426.20
02-7700-606	Interest on Lease	-0-		+10,500.00	10,500.00	5,248.10	5,251.90
02-9100-307	Audit	5,000.00		-5,000.00	-0-	-0-	-0-
02-9100-521	Insurance	5,000.00		-500.00	4,500.00	-0-	4,500.00
02-9100-569	Training	-0-		+800.00	800.00	797.61	2.39
02-9100-901	Prior Year Claims	20,000.00		-20,000.00	-0-	-0-	-0-
02-9200-999	Reserve for Transfer	81,369.95		-79,175.00	2,194.95	-0-	2,194.95
02-9400-201	Fringe Social Security	19,284.00		+2,000.00	21,284.00	20,792.12	491.88
02-9400-202	Fringe Retirement	15,981.00		+500.00	16,481.00	16,327.28	153.72

Appropriation Account No.	Name of Appropriation Account	Original Budget Approp.	Amend- ments	Transfers + or -	Total Available	Claims Allowed Since July	Free Balance
02-9400-205	Fringe Medical Insurance	42,000.00		+9,000.00	51,000.00	44,971.18	6,028.82
02-9400-208	Fringe Unemployment	4,700.00			4,700.00	4,698.00	2.00
02-9400-209	Fringe Workers' Compensation	17,000.00			17,000.00	14,084.48	2,915.52
Total		2,256,165.00	618,401.24	+100,000.00	2,974,566.24	2,066,978.84	907,587.40

JAIL FUND							
Appropriation Account No.	Name of Appropriation Account	Original Budget Approp.	Amendments	Transfers + or -	Total Available	Claims Allowed Since July	Free Balance
03-5101-101	Jailer's Salary	53,364.31			53,364.31	52,521.82	842.49
03-5101-103	Deputies/Matrons	205,000.00			205,000.00	188,258.94	13,441.06
03-5101-334	Building Repairs			2,500.00	202,400.00		
03-5101-336	Equipment Repairs	30,000.00		+209,575.00	239,575.00	209,503.72	30,071.28
03-5101-346	Pest Control	5,000.00		+6,501.00	11,501.00	11,500.06	.94
03-5101-366	Garbage Service	800.00			800.00	330.00	470.00
03-5101-399	Contract Labor	-0-		+1,925.00	1,925.00	1,917.25	7.75
03-5101-425	Food	4,500.00			4,500.00	1,053.75	3,446.25
03-5101-445	Office Supplies	60,000.00			60,000.00	45,679.60	14,320.40
03-5101-455	Petroleum Products	3,500.00			3,500.00	2,998.20	501.80
03-5101-481	Staff Uniforms	1,500.00		+1,200.00	2,700.00	2,694.40	5.60
03-5101-499	Other Supplies and Materials	2,000.00			2,000.00	1,961.67	38.33
03-5101-531	Insurance & Bonds	1,000.00		+9,050.00	10,050.00	9,100.49	949.51
03-5101-549	Routine Medical	-0-		+100.00	100.00	35.33	64.67
03-5101-573	Telephone	8,000.00		+111,775.00	119,775.00	67,276.32	52,498.68
03-5101-576	Travel/training	3,500.00			3,500.00	3,114.23	385.77
03-5101-578	Utilities	1,312.00		+1,000.00	2,312.00	704.79	1,607.21
03-5101-592	Motor Vehicle Repairs	25,000.00		-5,000.00	20,000.00	18,560.61	1,439.39
03-5101-723	New Equipment	1,000.00		+500.00	1,500.00	934.96	565.04
03-5102-314	Contracts with Other Counties	-0-		+20,000.00	20,000.00	19,597.64	402.36
03-5225-499	Safety and Health Program	50,000.00		+172,000.00	222,000.00	202,320.08	19,679.92
03-7700-602	Principal on Lease	-0-		+1,500.00	1,500.00	1,500.00	-0-
03-7700-606	Interest on Lease	19,135.04			19,135.04	19,135.04	-0-
03-9100-551	Associated Dues	22,811.70			22,811.70	22,811.70	-0-
03-9100-567	Staff Training	350.00			350.00	281.00	69.00
03-9200-901	Prior Year Claims	688.00		+250.00	938.00	192.84	745.16
03-9200-999	Reserve for Transfer	23,982.95		-20,000.00	3,982.95	-0-	3,982.95
03-9400-201	Fringe Social Security	-0-		+2,999.00	2,999.00	-0-	2,999.00
03-9400-202	Fringe Retirement	19,765.00			19,765.00	17,813.53	1,951.47
03-9400-203	Fringe Medical Insurance	15,125.00			15,125.00	11,395.05	3,729.95
03-9400-208	Fringe Unemployment	35,500.00			35,500.00	27,972.40	7,527.60
03-9400-209	Fringe Workers' Compensation	4,400.00		-1,200.00	3,200.00	3,132.00	68.00
		6,050.00		+425.00	6,475.00	6,474.54	.46
	Total JAIL FUND	603,284.00		+510,000.00	1,113,284.00	951,471.96	161,812.04

Liabilities SectionKnox County Fiscal Court
Period Ending June 30, 2003

Multi-year Issues*	KICFCA Lease	Kentucky Transportation	Caterpillar Financial	John Deere Credit	Total
Budget Acct. Code	03-7700-602 03-7700-606	02-7700-602	02-7700-602 02-7700-606	02-6105-441	
Description of Issue	Jail Lease	County Garage Lease	Grader	Loader	
Term (# of Years)	27 years	20 years	3 years	5 years	
Current Interest Rate %			4.8%	3.9%	
Issue Date	2/15/87	2/1/84	5/30/02	4/10/03	
Total Principal Amount	551,095.33	42,975.00	163,746.00	118,300.00	
Total Interest Amount	640,400.01	-0-	12,399.40	12,587.87	
Total Issue	1,191,495.34	42,975.00	176,145.40	130,887.87	
Outstanding Principal	350,186.66	2,148.75	119,983.43	112,996.72	
Outstanding Interest	160,454.19	-0-	7,232.97	8,483.96	
Less Reserve Earnings	-0-	-0-	-0-	-0-	
Total Outstanding	510,640.85	2,148.75	127,216.40	121,480.68	730,812.56
Next Payment Due Date	April 2003	March 2003	July 30, 2003	7/10/03	
Final Payment Due Date	10/1/04	3/1/04	4/30/05	3/10/03	

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**KNOX COUNTY
COMMENTS AND RECOMMENDATIONS**

For The Year Ended June 30, 2003

KNOX COUNTY COMMENTS AND RECOMMENDATIONS

Fiscal Year Ended June 30, 2003

2003-01 The County Should Follow Proper Payroll Procedures

During our test of payroll for calendar year 2002, we selected ten (10) employees for testing and found the following:

The County could not provide us with W-2s for five (5) of the employees tested. (Only computer printouts were provided) Copies of W-2s for the Jailer and former County Judge/Executive were obtained directly from these officials.

Supporting documentation was not provided for the former County Judge/Executive's training incentive pay for calendar year 2002.

KRS 141.335 requires an annual withholding statement to be furnished to each employee showing the following: (a) name of the person required to deduct and withhold the tax, (b) the name of the employee and his social security account number, (c) the total amount of wages; (d) the total amount deducted and withheld as a tax under KRS 141.310 and KRS 141.315. We recommend the County provide and maintain W-2s for all employees. Also, supporting documentation for all training payments should be maintained.

County Judge/Executive Raymond C. Smith's Response:

Soon after assuming office, it was learned that several irregularities regarding payment of compensation to officers and employees of the county, as well as, payments to the county's vendors had taken place during the previous administration and were apparently still occurring. The full extent and nature of the irregularities was not known until the previous County Finance Officer took medical/family leave in 2003. During the leave period, the Deputy Judge/Executive, Acting Finance Officer and Treasurer reviewed every document in the office. During the review, it was noted that numerous supporting documents were missing or were never generated in the first place.

Since the employment of the County's new Treasurer and Finance Officer, we have worked diligently to correct these problems.

On July 1, 2004, after several months of extensive review, Knox County invested in new Micro-Books and Payroll and Accounting Software from Fiscalsoft to dramatically reduce the number of payroll and vendor payment errors. While the system is not perfect, it has significantly reduced the magnitude and frequencies of errors in the payroll system.

We request additional information in order to prepare a detailed response to specific deficiencies noted in tests of payroll documents.

Having reviewed the information provided by the auditor's office on May 1, 2006, all "Missing" payroll documents are provided via facsimile and US Mail. We found that when held against the Federally produced W-2, all entries made on plain paper match the fields of the W-2 exactly.

A copy of Judge West's incentive pay letter was presented to the auditor's while they were here conducting the field audit. Another copy is presented with our final response to this issue.

Auditor's Reply:

While we agree that the information fits in the fields as it would be expected to as this is a W-2 generating software, the document would not serve as a facsimile W-2 if an employee needed a replacement copy or if an IRS audit occurred. The County should have maintained copies of payroll forms for all employees.

KNOX COUNTY
COMMENTS AND RECOMMENDATIONS
Fiscal Year Ended June 30, 2003
(Continued)

2003-02 The Fiscal Court Should Properly Prepare A Schedule Of Expenditures Of Federal Awards

The former County Treasurer did not properly prepare the Schedule of Expenditures of Federal Awards for fiscal year ended June 30, 2003 in accordance with OMB Circular A-133. The worksheet provided to us indicated the County had spent a total of \$304,899 in federal funds, while the corrected worksheet reflected \$296,937 in federal expenditures. During fiscal year ended June 30, 2003, a single audit was required if federal expenditures equal or exceed \$300,000.

OMB Circular A-133 Audits of States, Local Governments and Non-Profit Organizations, Section 310(B) requires the auditee to prepare a Schedule of Expenditures of Federal Awards covered by the auditee's financial statements. At a minimum, the schedule must include the following, if applicable:

- List individual federal programs by federal agency. For federal programs included in a cluster of programs, list individual federal programs within a cluster of programs. For Research & Development costs, total federal awards expended must be shown either by individual award or by federal agency and major subdivision within the federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- For federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- Provide total federal awards expended for each individual federal program and the Catalogue of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.
- Include notes that describe the significant accounting policies used in preparing the schedule.
- To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each federal program.
- Include, in either the schedule or a note to the schedule, the value of the federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule.

In the future, we recommend the County properly prepare the Schedule of Expenditures of Federal Awards and provide supporting documentation for amounts reported.

County Judge/Executive Raymond C. Smith's Response:

The situation is duly noted and we concur with comments. Since that time the new Knox County Treasurer has made the necessary corrections. To the former Treasurer's credit, federal funds are often passed through the state and did not include the necessary information to determine whether the funds were state or federal. Since then, we have established a policy to provide the Treasurer with the necessary documents to track receipt and expenditure of federal funds.

KNOX COUNTY
COMMENTS AND RECOMMENDATIONS
Fiscal Year Ended June 30, 2003
(Continued)

2003-03 The County Should Ensure That The Same Level Of Health Insurance Benefits Are Provided To All County Employees As Stated In Kentucky Attorney General Opinion (OAG) 94-15

During the testing of payroll, auditors noted that County employees are not receiving the same level of health insurance benefits. Some employees are receiving County-paid family coverage while others are paying for the extra cost for family coverage. During fiscal year ended June 30, 2003, the County paid as much as \$545 per month per employee for the additional costs of the family plan over the single plan. The County's Administrative Code states on page 34 that the County pays for an individual health insurance policy but does not add that certain individuals will receive the family benefit as well. OAG 94-15 states "the basic statute providing for governmentally funded health coverage (KRS 79.080) for public employees does not provide for one level of coverage for officers, and another level for employees. Accordingly, we believe such differing coverage would not be lawful as not authorized by statute." We recommend that the County comply with the Administrative Code and provide the same level of benefits to all County employees. We further recommend that the Fiscal Court seek legal advice from the County Attorney as to the legality of not providing the same level of health insurance coverage for all employees as stated in OAG 94-15.

County Judge/Executive Raymond C. Smith's Response:

The comment is correct insofar as it is presented; however, after reviewing the 2002 Audit, we asked officials from GOLD and the Office of the Auditor of Public Accounts to explain how we can legally lower compensation after it has been set by the previous fiscal court in accordance with the provisions of KRS 64.527, 64.285 and 64.530(6), which precludes any reduction for the elected official and/or members of his/her staff during the term of office. We recently received a response from GOLD indicating that it may be addressed on or before the First Monday in May of 2006 when compensation is set for the next administration. Judge Smith is aware the insurance program is not consistent with the County's Administrative Code and has indicated that he is prepared to address the issue on or before May 1, 2006.

Furthermore, the referenced statutes are not consistent with each other and the Attorney General's Opinion cited does not address a policy that has been in place ever since the county afforded family health insurance coverage to its elected officials, key officials and department heads. In several instances health insurance coverage for spouses and the employee was the deciding factor in accepting the compensation packages offered.

KRS 79.080 does not specifically disallow varying programs for various classes of employees and even allows for family coverage. It is our opinion that counties are given great latitude under the Home Rule Statute (KRS 67.080(1a)).

Auditor's Reply:

The Auditor reasserts its position that providing one level of health insurance coverage for elected officials and key employees, while providing a lesser level of coverage to other County employees, is not authorized by law, and may be, as OAG 94-15 states, unconstitutional. Further, the Governor's Office for Local Development concurred that "benefits" are not included in "compensation" for the purposes of this comment.

KNOX COUNTY
COMMENTS AND RECOMMENDATIONS
Fiscal Year Ended June 30, 2003
(Continued)

2003-04 The County Should Accurately Report Encumbrances On Their Fourth Quarter Financial Report

During our test of the County's encumbrances, we found that they are not being reported on the County's fourth quarter financial report. The Department for Local Government (subsequently changed to the Governor's Office for Local Development) "Instructional Guide for County Budget Preparation and State Local Finance Officer Policy Manual" requires counties to report as encumbrances, the total dollar amount of unpaid purchase orders from their purchase order journal. We recommend the County report encumbrances as required by the Department for Local Government.

County Judge/Executive Raymond C. Smith's Response:

Duly noted. The problem has since been corrected. Apparently the former Finance Officer was not entering encumbrances required in accordance with the "Instructional Guide for County Budget Preparation and State Local Finance Officer Policy Manual." The situation was not noted until the former Finance Officer went on Maternity Leave and the Acting Finance Officer found boxes of claims dating back several years that had not been satisfied. We have made significant progress in this area; but admit that occasionally an obligation may escape our attention.

2003-05 The Jailer Did Not Maintain Accounting Records For The Jail Canteen Fund

The Jailer did not maintain minimum accounting records for the Jail Canteen Fund. He did not provide us with a receipts ledger, disbursements ledger or daily checkout sheets. In addition the Jailer did not prepare bank reconciliations for the bank account. The General Assembly in recent years has given the Jailer responsibility for collecting certain monies. KRS 424.220 requires public officers who receive or disburse public funds to prepare an itemized, sworn statement of all funds collected, received, held, or disbursed during the fiscal year. The Fiscal Court subsequently closed the jail for public safety issues and is using the jail as a holding facility. Litigation between the County, Jailer, and the Sheriff is pending related to the closing of the jail.

County Judge/Executive Raymond C. Smith's Response:

This is probably among the least egregious shortcomings of Knox County's current Jailer. We have found him to be totally incompetent and uncooperative in every aspect of Jail operations and management, the duties of Transportation Officer that was assigned to him when the fiscal court closed the Knox County Jail on June 2, 2003 to reduce Jail costs. Subsequent to that, he failed to adequately perform the duties of Bailiff to the Court as evidenced by a judicial request to remove him from the courtroom.

We have requested a solution to the closeout of the account from the Union National Bank, Auditor of Public Accounts, Department of Corrections and Governor's Office for a method to close the account as the Jail was closed on June 7, 2003. None of these agencies have been able to recommend a solution. While the Jailer has maintained an employee dishonesty bond, the amount of the bond is less than half of the amount contained in the Canteen Fund. It should also be noted in subsequent events, the Jailer assumed and served in Office for several months without properly executing a Public Officials Bond. Despite repeated attempts to have him correct the situation, he willfully and repeatedly refused to sign the Bond documents prepared by KACo to correct the situation. Pursuant to a Kentucky Supreme Court decision regarding the Shelby County Clerk in an identical situation, charges should

KNOX COUNTY
COMMENTS AND RECOMMENDATIONS
Fiscal Year Ended June 30, 2003
(Continued)

2003-05 The Jailer Did Not Maintain Accounting Records For The Jail Canteen Fund (Continued)

have been brought against the Jailer and he should have been summarily removed from office for failure to secure a Public Officials Bond as required by Kentucky's Constitution and statutes regarding the same. This situation was reported to the Commonwealth's Attorney and the Auditor of Public Accounts who elected to take no action. Lack of a Public Officials Bond subjected the County to an extreme liability exposure for several months. Furthermore, no mention is made regarding payment of the Jailer's salary despite the fact that he has not performed any duties since August 10, 2004. This represents the most outrageous waste of taxpayer money and the Office of the Auditor of Public Accounts has never attempted to address this \$50,000.00/year waste of public funds.

Auditor's Reply:

The Auditor's Office does not have the authority to oust the Jailer but had made the appropriate referral to the Governor's Office for Local Development, which took action. The Jailer now has the required bond. Furthermore, KRS 441.245 appears to authorize the Knox County Fiscal Court, and not the Auditor of Public Accounts, to address, subject to the limitations of the statute, the salary of a jailer who does not operate a full service jail.

2003-06 The County Should Improve Their Internal Control Procedures

The County has a lack of segregation of duties. Due to the entity's diversity of official operations, small size and budget restrictions the County has limited options for establishing an adequate segregation of duties. We recommend the following procedures be implemented to offset this internal control weakness:

- An independent person should list all receipts and agree them back to the Treasurer's receipts ledger. Also, the employee opening the mail should keep a listing of all checks received for that day, detailing the date received, the check amount, who it is from, and what the check is for.
- An independent person should open bank statements and review them for unusual items, such as debit memos, and overdraft charges. The person initialing the envelope or bank statement can document this.
- An independent person should review the Treasurer's bank reconciliations for accuracy. The person completing this review should initial the bank reconciliation to document this.
- An employee independent of check writing and posting duties should match purchase orders to checks and invoices. The employee who signs the checks should cancel the purchase orders and invoices to ensure invoices are not paid twice.
- To have better internal controls, it is a best practice to keep the receipt of cash, the disbursement of cash, and the posting of cash to the ledgers delegated to separate individuals.
- Also, the County should implement stronger internal controls over the computer system. All transactions should be backed up daily on a disk and should be secured off-site.

We recommend the County implement these procedures. This will help segregate the duties of the County Treasurer.

County Judge/Executive Raymond C. Smith's Response:

Due to Knox County's relatively small size and budgetary constraints, Knox County does not possess adequate personnel or financial resources to fully correct the situation; however, we have implemented procedures designed to mitigate the county's exposure. We employed Ms. Jamie Gambrel to reconcile purchase orders with checks and invoices. Given the provisions of KRS 68.020, we find no way to subrogate the Treasurer's responsibility for the care and custody of all county funds.

KNOX COUNTY
COMMENTS AND RECOMMENDATIONS
Fiscal Year Ended June 30, 2003
(Continued)

2003-06 The County Should Improve Their Internal Control Procedures (Continued)

While the audit recommendations presented are valid from a "Best Practices" standpoint, they are not consistent with Kentucky Law or Knox County's financial ability to employ additional personnel. With rare exception, all checks are written by the County Finance Officer and are accompanied by purchase order, invoice or contract as applicable.

Pursuant to the provisions of KRS 68.020, the Treasurer's signature appears on ALL checks. Final verification is made by the County Judge/Executive or Deputy Judge/Executive as cosigners to all county warrants prior to affixing their respective signatures.

Auditor's Reply:

The recommended procedures can be lawfully implemented without violating KRS 68.020

2003-07 The County Treasurer Should Prepare An Accurate Fourth Quarter Financial Statement

The Knox County Treasurer did not accurately prepare the County's Fourth Quarter Financial Report. There were 23 inaccurate figures reported on the financial report. We recommend the County Treasurer prepare an accurate Fourth Quarter Financial Report as required by the Department for Local Government (subsequently Governor's Office for Local Development).

County Judge/Executive Raymond C. Smith's Response:

Please provide additional information.

Having reviewed the Auditor's documentation presented 5/1/2006, it supports our contention that the Peachtree Accounting System was not reflecting accurate accounting information. The problem was resolved when we purchased the Micro-Books Accounting System. As a result the comment is absent from subsequent exit conference comments. We inherited a poorly configured accounting system from the previous administration.

2003-08 The Former Fiscal Court Should Not Expend More Than Sixty-Five Percent In Any Fund Budgeted For First Half Of Each Fourth Year

The Fiscal Court expended 75% of the budget for the Local Government Economic Assistance (LGEA) Fund and 96.6% for the Jail Fund during the first half of the fiscal year. KRS 68.310 prohibits any County, during the first half of any fourth fiscal year, from encumbering or expending more than sixty-five percent (65%), in any fund budgeted for that fiscal year. We recommend the Fiscal Court comply with KRS 68.310.

County Judge/Executive Raymond C. Smith's Response:

We concur with reservations. KRS 68.310 provides that the fiscal court shall not expend or obligate more than 65% from any budgeted fund during the first half of the fourth year in office; however, your figures do not include delinquent debt service payments on \$4,865,000.00 worth of general obligation leases and bank notes that were executed on behalf of the Knox County Hospital Operating Corporation without a security agreement. Your percentages are far less than the amount actually spent and/or encumbered by the previous administration in FY 2003. Please ask former Judge/Executive Gerald West and the members of the previous fiscal court to explain this one.

KNOX COUNTY
COMMENTS AND RECOMMENDATIONS
Fiscal Year Ended June 30, 2003
(Continued)

2003-09 The Fiscal Court Minutes Should Be Complete, Adequately Maintained, And Filed In The County Clerk's Office

During our review of the Fiscal Court minutes, we found that they were being prepared by an employee who works in the County Judge/Executive's office and that they were also being filed in the County Judge/Executive's office. Further review of the minutes revealed that the claims list (expenditures approved for payment) approved by the Fiscal Court were not attached to the Fiscal Court minutes. They were filed separately from the minutes, were not signed by members of the Fiscal Court; and therefore, we could not verify that the members certified that they were the claims approved for payment. In an effort to increase controls over the Fiscal Court minutes, we recommend the claims list be indexed, attached to the minutes, and filed in the County Clerk's office. The pages of the minutes and the claims list should be sequentially numbered and signed by all members of the Fiscal Court certifying that they are correct and complete.

County Judge/Executive Raymond C. Smith's Response:

We concur with reservations. Pursuant to the provisions of KRS 67.100, "The fiscal court is a court of record. Minutes of the proceedings of each meeting shall be prepared and submitted for approval at the next succeeding meeting. Every official action of the fiscal court shall be made a part of the permanent records of the county. The county budget ordinance shall be indexed so that each index list covers one (1) fiscal year and shall be listed in such index no later than thirty (30) days after passage and any required approval. County Ordinances other than the county budget ordinance shall be indexed in a composite index of all county ordinances in force, and shall be listed in the index no later than thirty (30) days after passage and any required approval. A copy of all records required by this section shall be kept in the office of the county clerk." We agree that any document acted on by the court should be included with the minutes and filed in the county clerk's office. We have noted that Ordinances, Budgets and other documents have not been filed in the county clerk's office for several years. I will consult with the Knox County Clerk to ensure future compliance with these provisions.

It should be noted that there has been a long-standing tradition in Knox County that the County Clerk declined to serve as the Clerk to the Fiscal Court (The Fiscal Court only allows \$50.00 per meeting to maintain the minutes of the Fiscal Court Meetings). This makes it necessary to solicit the services of an employee of the Fiscal Court to maintain the fiscal court's meeting minutes. Every Knox County Fiscal Court Clerk, including those acting in that capacity, have been duly presented and approved by the entire Fiscal Court in the same manner as the County Treasurer is selected. As Fiscal Court Clerk, the individual is responsible to the entire Fiscal Court and has been instructed accordingly.

We find no mention in the statutes requiring minutes or their components to be indexed.

We find no mention in your comments of a specific or material irregularity with regard to the minutes or the payment of claims approved by the court. During this administration, there has not been a single instance where a member of the Fiscal Court voiced a problem or the General Public regarding the manner in which the minutes are recorded or who records them.

Minutes are not signed or filed until they are approved at the next regularly scheduled meeting. In addition, audiotapes are maintained for each meeting of the Fiscal Court, to provide additional documentation that offers more than enough detail to accurately reflect the acts and intentions of the Fiscal Court.

Claims are paid from the list presented to the Fiscal Court which may be further verified by the Finance Officer, Treasurer and Deputy Judge/Executive. The recommendations made by your office will prove far more cumbersome and costly than necessary.

KNOX COUNTY
COMMENTS AND RECOMMENDATIONS
Fiscal Year Ended June 30, 2003
(Continued)

2003-09 The Fiscal Court Minutes Should Be Complete, Adequately Maintained, And Filed In The County Clerk's Office (Continued)

Your recommendation to index minutes and claims lists would easily cost as much as \$1,000.00 per meeting and require the services of a certified stenographer to record the minutes. We would like to discuss some other method of achieving a reasonable level of comfort for all concerned.

Auditor's Reply:

The recommended actions are simple and should not cause the County any additional burden or cost. First, the minutes and all other records documenting the official actions of the Fiscal Court should be maintained by the County Clerk and kept in the office of the County Clerk, as required by KRS 67.100, and as done in other counties. Second, the County Clerk's records are already indexed in the normal course of business.

2003-10 The Fiscal Court Should Review The Administrative Code Annually As Required By KRS 68.005(2)

The Fiscal Court did not review its Administrative Code during fiscal year ended June 30, 2003. KRS 68.005(2) requires the Fiscal Court to review the Administrative Code annually during the month of June and may by a two-thirds majority of the entire Fiscal Court amend the County Administrative Code at that time. The County Judge/Executive may at other times prepare and submit amendments to the code for approval by a majority of the Fiscal Court. We recommend the Fiscal Court comply with KRS 68.005(2).

County Judge/Executive Raymond C. Smith's Response:

The statutory language contained in KRS 68.005(2) offered in this comment has been altered to misrepresent the fiscal court's collective requirement under the provisions of KRS 68.005(2). While KRS 68.005(2) provides "the fiscal court shall review the county administrative code annually during the month of June," we find no provision in the referenced statute that requires Fiscal Court to take action to change or amend the County's Administrative Code, unless there is an amendment required. The members of the Knox County Fiscal Court have been advised of the requirement to review the administrative code annually and offer changes as required. In this vein, the fiscal court took affirmative action in 2003 to establish a committee of county employees, representing each department, to recommend changes to the Personnel Section of the Administrative Code. As a matter of record, the Knox County Fiscal Court Amended the Administrative Code in June of 2004 to expand the number of employee holidays.

Auditor's Reply:

The Auditor reiterates the recommendation that the Fiscal Court follow KRS 68.005(2) which requires an annual review of the County's Administrative Code. The statute does not require the Code to be amended annually. When the Fiscal Court does review the Code, the minutes should reflect the fact that Fiscal Court conducted the annual review in compliance with the statute.

KNOX COUNTY
COMMENTS AND RECOMMENDATIONS
Fiscal Year Ended June 30, 2003
(Continued)

2003-11 Payments Totaling \$30,481 To A Company Were Deposited Into A Bank Account Of A Company In Which Relatives of the Knox County Judge/Executive Serve As Officers

During fiscal year ended June 30, 2003, checks totaling \$30,481 were written by the County to a trucking company for road related expenditures. It came to our attention that the checks written to this trucking company were deposited into bank accounts of another company in which the Knox County Judge/Executive's relatives serve as officers. Because we found checks that were deposited into accounts other than the payee trucking company's account, we performed additional procedures and discovered that the Knox County Judge/Executive's wife and brother are officers of the other company listed in the checks' endorsements. The County Judge/Executive did not disclose any type of relationship with the trucking company in his signed financial disclosure statement filed with the Board of Ethics.

The above transactions may involve questionable banking practices relating to the depositing of and cashing of checks by individuals other than the intended payee. The County Treasurer should obtain fronts and backs of cancelled checks and review the endorsements. Any endorsements other than that of the intended payee should be referred to the Fiscal Court, which should seek legal advice from the County Attorney as to the appropriateness.

We recommend the County follow its Ethics Code. Any possible violations should be reported to the Cumberland Valley Regional Board of Ethics. The County Attorney should follow up on any findings by the Board of Ethics and implement recommendations made.

County Judge/Executive Raymond C. Smith's Response:

The comments contained in this comment are very unclear and at the least, very misleading. When did it become illegal for a citizen of Knox County to transact business with a member of the County Judge/Executive's family? To the contrary, the Knox County Administrative Code applies to direct transactions between the county as a governing body or a public officeholder and the office holder him/herself or a member of the office holder's immediate family. The Ethics Code even allows for transactions between the county government and emancipated children of office holders. We see a significant problem with that provision and will recommend the fiscal court address the issue.

The audit comment fails to address the specifics of any alleged impropriety on the part of any individual connected with Knox County government or whose behavior or actions are inconsistent with the provisions of Knox County's Ethics Code. We wish to receive specific information regarding the comment so that we may adequately address the comment. The comment appears purely speculative in nature and does not warrant further action. The County Treasurer receives micro-imaged reproductions of the face of all checks written on all accounts of the Knox County Fiscal Court's accounts with the exception of the Knox County Road Fund. Micro imaging is a commonly accepted and promoted banking practice that has been upheld by state and federal courts to be legally certifiable copies of the original, admissible in courts of law.

Requiring local banks to invest in the additional cost of scanning both sides of each check would be a return to the banking practices of the 1980s and impose an unwarranted financial burden on local banks that have chosen to micro-image checks in an effort to save time and money; provide for better, faster, more reliable and more efficient service to its customers, while significantly reducing storage space.

When will the Commonwealth of Kentucky require its financial institutions to return original cancelled checks or two-sided micro-imaged copies to the Commonwealth's Treasurer?

KNOX COUNTY
COMMENTS AND RECOMMENDATIONS
Fiscal Year Ended June 30, 2003
(Continued)

2003-11 Payments Totaling \$30,481 To A Company Were Deposited Into A Bank Account Of A Company In Which Relatives of the Knox County Judge/Executive Serve As Officers
(Continued)

Auditor's Reply:

Due to the number of problems encountered in this audit, the recommendation remains that the Treasurer consider entering an arrangement with the County's bank for the return of original canceled checks, two-sided micro-imaged copies of checks, or access to such records. Attached hereto is a sample of the type of problem that generated this comment. See Appendix A.

2003-12 The County Should Pay Invoices Timely

The County is not always paying for goods and services it purchases within thirty (30) days of receipt of a vendor's invoice. Our sample of sixty-seven (67) disbursements revealed that nine (9) invoices were not paid within thirty (30) days. KRS 65.140 requires any county purchaser which receives goods or services unless the purchaser and vendor otherwise contract, to pay for those goods or services within thirty (30) working days of receipt of a vendor's invoice except where payment is delayed because the purchaser has made a written disapproval of improper performances or improper invoicing by the vendor or by the vendor's subcontractor. We recommend the County comply with KRS 65.140 by paying for all goods and services within thirty (30) days.

County Judge/Executive Raymond C. Smith's Response:

We concur. We make every attempt to pay our bills on time; however, significant sums of money were delayed due to the Commonwealth of Kentucky's Budget standoff. As I am sure you will recall Governor Patton operated state government under a spending plan for two consecutive years due to the state's inability to ratify a budget. Additionally, a lawsuit brought against Knox County by the City of Barbourville significantly impeded Knox County's ability to collect Occupational License Fees. The Occupational License Fee that was passed in 1999 was a last-ditch effort on the part of the previous administration to alleviate the serious financial burden faced by Knox County. Since that time, several initiatives have been undertaken to improve revenue, operate more efficiently and alleviate the strain on county finances; however, increasing jail operating costs and inmate medical costs continue to threaten Knox County's financial viability.

KNOX COUNTY
COMMENTS AND RECOMMENDATIONS
Fiscal Year Ended June 30, 2003
(Continued)

2003-13 Fiscal Court Should Take Corrective Actions Regarding Prior Year Comments

While reviewing prior year work papers and following up on prior year comments, auditor noted that the County has not taken necessary steps to correct the following prior year comments for fiscal year ended June 30, 2002:

- The Fiscal Court should pay invoices in a timely manner
- All County employees and officials should receive the same medical insurance coverage
- Cash transferred from restricted funds should be repaid
- The Fiscal Court should improve internal control over minutes of Fiscal Court meetings
- The Jailer should maintain accounting records for the Jail Canteen Fund
- The County should disclose related party transactions to the County Ethics Commission
- Adequate supporting documentation should be maintained for all expenditures
- The County Treasurer and finance officer should properly prepare an appropriations ledger for all County funds
- The County Treasurer should include all federal revenues and expenditures on the federal monies worksheet
- The County Treasurer should account for encumbrances correctly
- Lacks adequate segregation of duties

Since these comments have not been corrected, auditors included each of these in the current year exit and audit report. Since the County Judge/Executive and magistrates of Knox County are entrusted by the public, we recommend taking corrective actions regarding prior year comments.

County Judge/Executive Raymond C. Smith's Response:

- *We have taken extraordinary measures to correct the most serious (prior administration's) audit results and have acted on the most egregious first.*
- *We started by challenging the legality of the Hospital General Obligation Bonds and leases and were subsequently notified by the State Local Debt Officer that all of the previous General Obligations of Knox County were binding on the current administration, despite numerous irregularities. It is interesting to note that the SLDO was a former employee of National City Bank (a leaseholder).*
- *We purchased a state of the art accounting system to provide real-time capability to capture all income and expense of the Knox County Fiscal Court.*
- *We closed the Knox County Jail in June of 2003, which reduced overall jail costs by more than \$250,000.00.*
- *We initiated quarterly budget workshops to educate members of the court on the financial status of the county.*
- *We employed a new Treasurer and Finance Officer in 2004.*
- *We requested the Auditor of Public Accounts to complete all outstanding audits in August of 2003 and again in 2004.*
- *We have attempted to hold the Jailer accountable for his actions.*

KNOX COUNTY
COMMENTS AND RECOMMENDATIONS
Fiscal Year Ended June 30, 2003
(Continued)

2003-13 Fiscal Court Should Take Corrective Actions Regarding Prior Year Comments (Continued)

- *We instituted a prisoner work program with the assistance of the Bell County Forestry Camp to get more value for money spent.*
- *We retired dilapidated equipment so that more time is spent on the job rather than in the garage, vastly improving employee productivity.*
- *We have added additional staff to support the fair and equitable collection of Occupational License*
- *Fees to offset dwindling revenues from other sources and provide for greater segregation of duties.*

PRIOR YEAR FINDINGS:

- 2002-04 The Fiscal Court Should Pay Invoices In A Timely Manner
- 2002-07 The County Treasurer Should Include All Federal Revenues And Expenditures On The Federal Monies Worksheet
- 2002-08 All County Employees And Officials Should Receive The Same Medical Insurance Coverage
- 2002-09 Cash Transferred From Restricted Funds Should Be Returned
- 2002-10 The County Should Take Action To Resolve Any Claims Against The County That Are In Dispute With The Vendor
- 2002-13 The County Treasurer Should Account For Encumbrances Correctly
- 2002-16 The Fiscal Court Should Improve Control Over Minutes Of Fiscal Court Meetings
- 2002-17 The Jailer Did Not Maintain Accounting Records For The Jail Canteen Fund
- 2002-18 Lacks Adequate Segregation of Duties

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Raymond Smith, Knox County Judge/Executive
The Honorable Gerald K. West, Former Knox County Judge/Executive
Members of the Knox County Fiscal Court

Report On Compliance And On Internal Control Over
Financial Reporting Based On An Audit Of The Financial Statement
Performed In Accordance With Government Auditing Standards

We were engaged to audit the financial activity of the Fourth Quarter Report of Knox County, Kentucky, as of and for the year ended June 30, 2003, and have issued our report thereon dated March 31, 2006. We did not express an opinion on the Fourth Quarter Report because based on our assessment of fraud risk, we determined the risk for fraud to be too high and we were unable to apply other procedures to overcome this fraud risk. In addition, the Fiscal Court had weaknesses in the design and operation of its internal control procedures and accounting functions. Furthermore, management elected to override the internal control procedures that were in place. In addition, management did not provide us with a representation letter required by generally accepted auditing standards.

Compliance

As part of obtaining reasonable assurance about whether Knox County's Fourth Quarter Report is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items:

- 2003-01 The County Should Follow Proper Payroll Procedures
- 2003-03 The County Should Ensure That The Same Level Of Health Insurance Benefits Are Provided To All County Employees As Stated In Kentucky Attorney General Opinion (OAG) 94-15
- 2003-04 The County Should Accurately Report Encumbrances On Their Fourth Quarter Financial Report
- 2003-05 The Jailer Did Not Maintain Accounting Records For The Jail Canteen Fund
- 2003-07 The County Treasurer Should Prepare An Accurate Fourth Quarter Financial Statement
- 2003-08 The Former Fiscal Court Should Not Expend More Than Sixty-Five Percent In Any Fund Budgeted For First Half Of Each Fourth Year
- 2003-09 The Fiscal Court Minutes Should Be Complete, Adequately Maintained, And Filed In The County Clerk's Office
- 2003-10 The Fiscal Court Should Review The Administrative Code Annually As Required By KRS 68.005(2)
- 2003-11 Payments Totaling \$30,481 To A Company Were Deposited Into A Bank Account Of A Company In Which Relatives Of The Knox County Judge/Executive Serve As Officers
- 2003-12 The County Should Pay Invoices Timely



Report On Compliance And On Internal Control Over
Financial Reporting Based On An Audit Of The Financial Statement
Performed In Accordance With Government Auditing Standards
(Continued)

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Knox County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the Fourth Quarter Report and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Knox County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as follows:

- 2003-01 The County Should Follow Proper Payroll Procedures
- 2003-02 The Fiscal Court Should Properly Prepare A Schedule of Expenditures Of Federal Awards
- 2003-05 The Jailer Did Not Maintain Accounting Records For The Jail Canteen Fund
- 2003-06 The County Should Improve Their Internal Control Procedures
- 2003-09 The Fiscal Court Minutes Should Be Complete, Adequately Maintained, And Filed In The County Clerk's Office
- 2003-13 The Fiscal Court Should Take Corrective Actions Regarding Prior Year Comments

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider all of the reportable conditions described above to be material weaknesses.

This report is intended solely for the information and use of management and the Governor's Office for Local Development and is not intended to be and should not be used by anyone other than the specified parties.

Respectfully submitted,



Crit Luallen
Auditor of Public Accounts

Audit fieldwork completed -
March 31, 2006

**CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

KNOX COUNTY FISCAL COURT

**For The Fiscal Year Ended
June 30, 2003**

CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS
KNOX COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2003

The Knox County Fiscal Court hereby certifies that assistance received from the Local Government Economic Development Program and Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Raymond C. Smith, County Judge/Executive

No longer available

Wanda Moore, County Treasurer

KNOX COUNTY FISCAL COURT

For The Year Ended June 30, 2004

EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE
KNOX COUNTY FISCAL COURT

June 30, 2004

The Auditor of Public Accounts was engaged to audit the financial activity of the Knox County Fiscal Court for fiscal year ended June 30, 2004 and we have issued a disclaimer of opinion thereon. In accordance with OMB Circular A-133, we have issued an adverse opinion on the compliance requirements that are applicable to Knox County's major federal programs, U.S. Department of Homeland Security and U.S. Department of Transportation for the year ended June 30, 2004.

Based on our assessment of fraud risk, we determined the risk for fraud to be too high and we were unable to apply other procedures to overcome this fraud risk. In addition, the Fiscal Court had weaknesses in the design and operation of its internal control procedures and accounting functions. Furthermore, management elected to override the internal control procedures that were in place. In addition, management did not provide us with a representation letter required by generally accepted auditing standards. The significance of these issues, in the aggregate, prevents us from expressing an opinion and we do not express an opinion on the financial activities of the Knox County Fiscal Court.

Report Comments:

- 2004-01 The County Should Properly Maintain Personnel Records
- 2004-02 The County Should Ensure That The Same Level Of Health Insurance Benefits Are Provided To All County Employees As Stated In Kentucky Attorney General Opinion (OAG) 94-15
- 2004-03 The Jail Canteen Account Should Be Closed
- 2004-04 The County Should Improve Their Internal Control Procedures
- 2004-05 The Fiscal Court Should Review The Administrative Code Annually As Required By KRS 68.005(2)
- 2004-06 The Fiscal Court Minutes Should Be Complete, Adequately Maintained, And Filed In The County Clerk's Office
- 2004-07 FEMA Monies Should Be Transferred To The Road Fund
- 2004-08 The County Should Make Lease Payments In Accordance With Lease Schedule To Avoid Late Payment Charges
- 2004-09 The County Should Have Better Control Over Voided Checks
- 2004-10 The County Should Maintain Documentation For Credit Card Purchases To Assure All Charges Are For Official Purposes
- 2004-11 The County Should Maintain Complete And Accurate Capital Asset Schedules To Comply With GASB 34 Requirements
- 2004-12 The County's Supporting Documentation For Asphalt Expenditures Totaling \$475,121 Was Incomplete
- 2004-13 The County Should Maintain Supporting Documentation For Expenditures, Pay Invoices Timely, And Comply With Bidding Requirements
- 2004-14 The County Should Properly Prepare A Schedule Of Expenditures Of Federal Awards
- 2004-15 County Payments Totaling \$52,201 To Companies Were Either Cashed Or Deposited Into Bank Accounts Of Companies In Which Relatives Of The Knox County Judge/Executive Serve As Officers
- 2004-16 Knox County Should Properly Monitor State Transportation Bridge Grants And Should Require Adequate Documentation For Project Costs
- 2004-17 The Knox County Fiscal Court Did Not Properly Bid Expenditures For Federal FEMA Funds Resulting In Questioned Costs of \$109,452
- 2004-18 Knox County Fiscal Court Has Questioned Costs of \$107,952 of Federal Transportation Grant Due To Failure To Comply With Proper Bidding Requirements

EXECUTIVE SUMMARY
AUDIT EXAMINATION OF THE
KNOX COUNTY FISCAL COURT
June 30, 2004
(Continued)

- 2004-19 Knox County Should Properly Monitor Federal Transportation Grants And Should Require Adequate Documentation For Project Costs
- 2004-20 The County Should Ensure That All Required Individuals File A Financial Disclosure Statement
- 2004-21 The County Should Obtain Refund For Federal Excise Tax Paid In Error
- 2004-22 The County Treasurer Should Deposit Cashier's Checks Received From Gas And Oil Companies Into An Escrow Account In Order To Minimize Risk To County
- 2004-23 The County Should Adhere To Competitive Bid Regulations



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Ernie Fletcher, Governor
Robbie Rudolph, Secretary
Finance and Administration Cabinet
Honorable Raymond Smith, Knox County Judge/Executive
Members of the Knox County Fiscal Court

Independent Auditor's Report

We were engaged to audit the financial activity contained in the Fourth Quarter Report of Knox County, Kentucky, as of and for the year ended June 30, 2004. The financial activity is the responsibility of the Knox County Fiscal Court.

The financial activity contained in the Fourth Quarter Report is intended to present budgeted and actual revenues and expenditures of the Knox County Fiscal Court on the cash basis of accounting and also the long-term debt of the Fiscal Court. Actual revenues and expenditures are recognized when received or paid rather than when earned or incurred. The presentation of the financial activity contained in the Fourth Quarter Report is not intended to be a presentation in conformity with generally accepted accounting principles.

Based on our assessment of fraud risk, we determined the risk of fraud to be too high, and we were unable to apply other procedures to overcome this fraud risk. In addition, the Fiscal Court had weaknesses in the design and operation of its internal control procedures and accounting functions. Furthermore, management elected to override the internal control procedures that were in place. In addition, management did not provide us with a representation letter required by generally accepted auditing standards.

Because of the high level of fraud risk, internal control weakness, management overrides of controls, and failure to provide a management representation letter, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial activity contained in the report referred to in the first paragraph.

Our audit was conducted for the purpose of forming an opinion on the Fourth Quarter Report of Knox County, Kentucky. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is not a required part of the Fourth Quarter Report. As discussed in the third paragraph above, the scope of our work was not sufficient to enable us to express an opinion on the Fourth Quarter Report, and likewise, and for the same reasons, we are unable to express, and we do not express, an opinion on the schedule of expenditures of federal awards in relation to the Fourth Quarter Report.



To the People of Kentucky
 Honorable Ernie Fletcher, Governor
 Robbie Rudolph, Secretary
 Finance and Administration Cabinet
 Honorable Raymond Smith, Knox County Judge/Executive
 Members of the Knox County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated March 31, 2006, on our consideration of Knox County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Based on the results of our audit, we present the schedule of findings and questioned costs, included herein, which discusses the following report comments:

- 2004-01 The County Should Properly Maintain Personnel Records
- 2004-02 The County Should Ensure That The Same Level Of Health Insurance Benefits Are Provided To All County Employees As Stated In Kentucky Attorney General Opinion (OAG) 94-15
- 2004-03 The Jail Canteen Account Should Be Closed
- 2004-04 The County Should Improve Their Internal Control Procedures
- 2004-05 The Fiscal Court Should Review The Administrative Code Annually As Required By KRS 68.005(2)
- 2004-06 The Fiscal Court Minutes Should Be Complete, Adequately Maintained, And Filed In The County Clerk's Office
- 2004-07 FEMA Monies Should Be Transferred To The Road Fund
- 2004-08 The County Should Make Lease Payments In Accordance With Lease Schedule To Avoid Late Payment Charges
- 2004-09 The County Should Have Better Control Over Voided Checks
- 2004-10 The County Should Maintain Documentation For Credit Card Purchases To Assure All Charges Are For Official Purposes
- 2004-11 The County Should Maintain Complete And Accurate Capital Asset Schedules To Comply With GASB 34 Requirements
- 2004-12 The County's Supporting Documentation For Asphalt Expenditures Totaling \$475,121 Was Incomplete
- 2004-13 The County Should Maintain Supporting Documentation For Expenditures, Pay Invoices Timely, And Comply With Bidding Requirements
- 2004-14 The County Should Properly Prepare A Schedule Of Expenditures Of Federal Awards
- 2004-15 County Payments Totaling \$52,201 To Companies Were Either Cashed Or Deposited Into Bank Accounts Of Companies In Which Relatives Of The Knox County Judge/Executive Serve As Officers
- 2004-16 Knox County Should Properly Monitor State Transportation Bridge Grants And Should Require Adequate Documentation For Project Costs
- 2004-17 The Knox County Fiscal Court Did Not Properly Bid Expenditures For Federal FEMA Funds Resulting In Questioned Costs of \$109,452
- 2004-18 Knox County Fiscal Court Has Questioned Costs of \$107,952 of Federal Transportation Grant Due To Failure To Comply With Proper Bidding Requirements
- 2004-19 Knox County Should Properly Monitor Federal Transportation Grants And Should Require Adequate Documentation For Project Costs
- 2004-20 The County Should Ensure That All Required Individuals File A Financial Disclosure Statement
- 2004-21 The County Should Obtain Refund For Federal Excise Tax Paid In Error

To the People of Kentucky
Honorable Ernie Fletcher, Governor
Robbie Rudolph, Secretary
Finance and Administration Cabinet
Honorable Raymond Smith, Knox County Judge/Executive
Members of the Knox County Fiscal Court

- 2004-22 The County Treasurer Should Deposit Cashier's Checks Received From Gas And Oil
Companies Into An Escrow Account In Order To Minimize Risk To County
2004-23 The County Should Adhere To Competitive Bid Regulations

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen
Auditor of Public Accounts

Audit fieldwork completed -
March 31, 2006

KNOX COUNTY OFFICIALS

For The Year Ended June 30, 2004

Fiscal Court Members:

Raymond C. Smith	County Judge/Executive
Carson Gilbert	Magistrate
Willard Bargo	Magistrate
Vernon Hamilton	Magistrate
Doyle Gibson	Magistrate
Giulio Cima	Magistrate

Other Elected Officials:

Charley Dixon, Jr.	County Attorney
Preston Smith	Jailer
Mike Corey	County Clerk
Greg Helton	Circuit Court Clerk
John Pickard	Sheriff
Bill Oxendine	Property Valuation Administrator
Jerry Garland	Coroner

Appointed Personnel:

Tammy Wine	County Treasurer
Tammy Wine	Occupational Tax Administrator
Tammy Mayes	Finance Officer

KNOX COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2004

Department for Local Government County Financial Reports Upload Signature Page	<p>The following financial files have been recieved from Knox County for the 4th Quarter of the fiscal year ending June 30, 2004 :</p> <ol style="list-style-type: none">1. HEADER.TXT (199)2. SUMMARY.TXT (3400)3. RECONCIL.TXT (2720)4. RECEIPTS.TXT (36668)5. DISBURSE.TXT (104225)6. MYLIABIL.TXT (1872)7. SHORTTRM.TXT (0)8. TOTLIBIL.TXT (49) <p>RECEIVED AUG 03 2004 DIV. OF FINANCIAL SERVICES</p> <p>If you recieve any errors, please contact the <u>DLG webmaster</u> and provide the contents of this page. Thank you.</p>
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Sign-Off Form

Please Print this out and Fax it back with the following signatures to 1-502-573-3712

Produced on:
7/31/2004 11:02:21 AM

To the best of my knowldge the information contained herein is accurate and complete.

(Signed) _____

County Judge/Executive

Date

7-31-04

To the best of my knowledge the information contained herein is accurate and complete.

(Signed) _____

County Treasurer

Date

7-31-04

End of UFIR Report

COUNTY	FY Begin Date	FY End Date	County Judge Executiv	County Treasure
61 KNOX	4/1/2004	6/30/2004	RAYMOND C. SMITH	TAMMY WINE

FILING TYPE >>>
4Q

Date Submitted
6/30/2004

System Date
20040731 110120

Source
FISUPL0

Print This Record >>>>>>

Num	FundCode	FundDescription	Total		Total Disbursements	Encumbrances	Unencumbrances	Cash Balance
			Receipts					
61	1	General Fund	\$2,849,213.34		\$2,792,649.93	\$19,072.45	\$37,490.96	\$56,563.41
61	2	Road Fund	\$3,246,202.35		\$3,245,375.24	\$77,291.98	(\$76,464.87)	\$827.11
61	3	Jail Fund	\$1,166,335.84		\$1,164,205.82	\$5,356.18	(\$3,226.16)	\$2,130.02
61	4	Local Government Economic Assistance Fun	\$607,261.19		\$605,706.17	\$0.00	\$1,555.02	\$1,555.02
61	5	KAY JAY FUND	\$446.87		\$446.87	\$0.00	\$0.00	\$0.00
61	13	Stinking Creek Fund	\$47,785.47		\$26,628.53	\$0.00	\$21,156.94	\$21,156.94
61	75	911 FUND	\$624,596.80		\$231,733.74	\$20,747.59	\$372,115.47	\$392,863.06
61	76	HARLAN/ KNOXJOINT E-911 FUND	\$39,523.47		\$39,471.16	\$0.00	\$52.31	\$52.31
61	77	FEDERAL FUNDS PROGRAM	\$837,439.87		\$794,805.92	\$6,147.81	\$36,486.14	\$42,633.95
61	78	TIMBERLAND TAX FUND	\$0.00		\$0.00	\$0.00	\$0.00	\$0.00

COUNTY	FY Begin Date	FY End Date	County Judge Executiv	County Treasure
61 KNOX	4/1/2004	6/30/2004	RAYMOND C. SMITH	TAMMY WINE
FILING TYPE >>>	Date Submitted	System Date	Source	
4Q	6/30/2004	20040731 110120	FISUPL0	

Print This Record >>>>>>

Num	Fun	FundName	BankBalance	DepositsInTransit	ChecksOutstanding	OtherTotal	CashBalance
61	3	Jail Fund	\$35,391.92	\$0.00	\$33,261.90	\$0.00	\$2,130.02
61	4	Local Government Economic Assistance	\$15,990.98	\$0.00	\$14,435.96	\$0.00	\$1,555.02
61	13	Stinking Creek Fund	\$21,156.94	\$0.00	\$0.00	\$0.00	\$21,156.94
61	75	911 FUND	\$404,203.26	\$0.00	\$11,340.20	\$0.00	\$392,863.06
61	76	HARLAN/ KNOXJOINT E-911 FUND	\$19,787.89	\$0.00	\$19,735.58	\$0.00	\$52.31
61	77	FEDERAL FUNDS PROGRAM	\$44,955.38	\$0.00	\$2,321.43	\$0.00	\$42,633.95
61	1	General Fund	\$192,121.56	\$0.00	\$135,558.15	\$0.00	\$56,563.41
61	2	Road Fund	\$32,339.20	\$20,000.00	\$51,512.09	\$0.00	\$827.11

COUNTY	FY Begin Date	FY End Date	County Judge Executiv	County Treasure
61 KNOX	4/1/2004	6/30/2004	RAYMOND C. SMITH	TAMMY WINE
FILING TYPE >>>		Date Submitted	System Date	Source
4Q		6/30/2004	20040731 110120	FISUPL0

Print This Record >>>>>>

Num	Fun	ObjectDescription	OriginalBudget	Amendments	ReceivedThisQtr	ReceivedToDate	UnderOverBudget
61	1	4799					
		OTHER RECEIPTS	\$1,000.00	\$6,000.00	\$0.00	\$8,078.04	(\$1,078.04)
61	1	4806					
		INTEREST ON CHECKING	\$2,500.00	\$0.00	\$1,471.78	\$3,873.04	(\$1,373.04)
61	1	4901					
		SURPLUS PRIOR YEAR	\$258,411.00	\$227,819.38	\$0.00	\$486,230.38	\$0.00
61	1	4903					
		ADJUSTMENTS TO PRIOR YEAR SURPLUS	\$0.00	\$0.00	\$0.00	\$482.56	(\$482.56)
61	1	4905					
		BOND SALE PROCEEDS	\$0.00	\$11,000,000.00	\$0.00	\$0.00	\$11,000,000.00
61	1	4909					
		TRANSFER OUT	\$1,700,000.00	(\$156,614.72)	(\$657,000.00)	(\$1,667,624.72)	\$3,211,010.00
61	1	4910					
		TRANSFER IN	\$0.00	\$0.00	\$0.00	\$76,303.30	(\$76,303.30)
61	1	4911					
		BORROWED MONEY	\$15,000.00	\$0.00	\$0.00	\$0.00	\$15,000.00
61	2	4506					
		STATE REIMBURSEMENTS	\$0.00	\$791,672.00	\$72,521.00	\$327,021.00	\$464,651.00
61	2	4510					
		STATE GRANTS	\$0.00	\$0.00	\$22,736.56	\$45,473.12	(\$45,473.12)
61	2	4515					
		ENERGY RECOVERY	\$0.00	\$0.00	\$0.00	\$4,205.95	(\$4,205.95)
61	2	4516					
		TRUCK LICENSE REFUND	\$193,955.00	\$0.00	\$0.00	\$189,782.83	\$4,172.17
61	2	4517					
		DRIVER'S LICENSE REFUND	\$0.00	\$0.00	\$0.00	\$2,729.00	(\$2,729.00)
61	2	4518					
		COUNTY ROAD AID	\$660,525.00	\$331,516.00	\$65,966.00	\$941,739.00	\$50,302.00
61	2	4519					
		MUNICIPAL ROAD AID	\$53,180.00	\$0.00	\$14,533.95	\$107,216.48	(\$54,036.48)
61	2	4542					
		FEMA REIMBURSEMENTS	\$325,000.00	\$0.00	\$0.00	\$154,855.87	\$170,144.13
61	2	4727					
		ROAD REIMBURSEMENTS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
61	2	4731					
		MISCELLANEOUS REVENUES	\$3,000.00	\$0.00	\$0.00	\$0.00	\$3,000.00
61	2	4799					
		OTHER RECEIPTS	\$1,000.00	\$0.00	\$0.00	\$0.00	\$1,000.00
61	2	4806					
		INTEREST EARNED	\$4,000.00	\$0.00	\$54.10	\$1,202.94	\$2,797.06

61	2	4901		SURPLUS PRIOR YEAR		\$100,000.00	\$0.00	\$0.00	\$156,718.13	(\$56,718.13)
61	2	4909		TRANSFER OUT		\$0.00	\$0.00	(\$195,000.00)	(\$236,000.00)	\$236,000.00
61	2	4910		TRANSFER IN		\$998,524.37	\$419,258.03	\$528,000.00	\$1,551,258.03	(\$133,475.63)
61	3	4533		STATE/JAIL ALLOTMENT		\$73,808.00	\$0.00	\$18,451.89	\$73,828.05	(\$20.05)
61	3	4534		STATE JAIL MEDICAL		\$6,180.00	\$0.00	\$0.00	\$6,035.52	\$144.48
61	3	4535		COURT COST COLLECTION, CIRCUIT CLE		\$16,000.00	\$0.00	\$1,969.89	\$16,732.58	(\$732.58)
61	3	4538		DUI FEES		\$6,500.00	\$0.00	\$2,583.83	\$7,747.93	(\$1,247.93)
61	3	4560		HOUSING JUVENILES		\$10,000.00	\$0.00	\$0.00	\$0.00	\$10,000.00
61	3	4702		PHONE COMMUNICATIONS		\$4,000.00	\$0.00	\$0.00	\$5,000.00	(\$1,000.00)
61	3	4727		REIMBURSEMENTS		\$0.00	\$0.00	\$0.00	\$17,961.39	(\$17,961.39)
61	3	4731		MISCELLANEOUS REVENUES		\$8,200.00	\$0.00	\$0.00	\$800.00	\$7,400.00
61	3	4799		OTHER RECEIPTS		\$1,000.00	\$0.00	\$0.00	\$2,251.43	(\$1,251.43)
61	3	4806		INTEREST ON CHECKING		\$1,000.00	\$0.00	\$160.11	\$807.36	\$192.64
61	3	4901		SURPLUS PRIOR YEAR		\$5,000.00	\$0.00	\$0.00	\$60,171.58	(\$55,171.58)
61	3	4910		TRANSFER IN		\$751,475.63	\$0.00	\$329,000.00	\$975,000.00	(\$223,524.37)
61	4	4508		LOCAL ECON. DEV. GRANTS		\$1,366,400.00	\$0.00	\$0.00	\$0.00	\$1,366,400.00
61	4	4510		STATE GRANTS		\$416,000.00	\$0.00	\$141,492.00	\$414,492.00	\$1,508.00
61	4	4527		COAL SEVERANCE TAX		\$180,000.00	\$0.00	\$48,419.69	\$197,712.92	(\$17,712.92)
61	4	4529		MINERALS SEVERANCE TAX		\$150,000.00	\$0.00	\$81,820.97	\$236,478.88	(\$86,478.88)
61	4	4799		OTHER RECEIPTS		\$1,000.00	\$0.00	\$0.00	\$0.00	\$1,000.00
61	4	4806		INTEREST ON CHECKING ACCOUNTS		\$4,000.00	\$0.00	\$679.26	\$2,959.26	\$1,040.74
61	4	4901		SURPLUS PRIOR YEAR		\$0.00	\$0.00	\$0.00	\$123,218.13	(\$123,218.13)
61	4	4909		TRANSFER OUT		\$50,000.00	\$0.00	(\$200,000.00)	(\$370,000.00)	\$420,000.00
61	4	4910		TRANSFER IN		\$0.00	\$0.00	\$0.00	\$2,400.00	(\$2,400.00)
61	5	4806		INTEREST ON CHECKING		\$100.00	\$0.00	\$0.00	\$9.55	\$90.45
61	5	4901		SURPLUS PRIOR YEAR		\$7,000.00	\$0.00	\$0.00	\$3,672.01	\$3,327.99

61	5	4909		TRANSFER OUT		\$0.00	\$0.00	\$0.00	(\$3,234.69)	\$3,234.69
61	13	4504		FEDERAL GRANTS		\$138,500.00	\$45,000.00	\$8,765.74	\$369,691.66	(\$186,191.66)
61	13	4542		FEDERAL REIMBURSEMENTS		\$0.00	\$262,643.31	\$0.00	\$0.00	\$262,643.31
61	13	4731		MISC REVENUES		\$5,000.00	\$0.00	\$0.00	\$0.00	\$5,000.00
61	13	4799		OTHER RECEIPTS		\$1,000.00	\$0.00	\$0.00	\$0.00	\$1,000.00
61	13	4901		SURPLUS PRIOR YEAR		\$20,000.00	\$0.00	\$0.00	\$17,497.92	\$2,502.08
61	13	4909		TRANSFER OUT		\$0.00	(\$262,643.31)	\$0.00	(\$345,404.11)	\$82,760.80
61	13	4910		TRANSFER IN		\$0.00	\$0.00	\$0.00	\$6,000.00	(\$6,000.00)
61	75	4140		TELEPHONE / 911 TAXES		\$180,000.00	\$0.00	\$58,526.24	\$181,601.73	(\$1,601.73)
61	75	4727		REIMBURSEMENTS		\$0.00	\$0.00	\$9,928.00	\$10,083.00	(\$10,083.00)
61	75	4806		INTEREST ON CHECKING		\$8,000.00	\$0.00	\$1,727.88	\$6,600.38	\$1,399.62
61	75	4901		SURPLUS PRIOR YEAR		\$300,000.00	\$0.00	\$0.00	\$426,311.69	(\$126,311.69)
61	75	4909		TRANSFER OUT		\$0.00	\$0.00	\$0.00	(\$195,000.00)	\$195,000.00
61	75	4910		TRANSFER IN		\$0.00	\$0.00	\$195,000.00	\$195,000.00	(\$195,000.00)
61	76	4562		WIRELESS 911		\$72,000.00	\$0.00	\$9,062.14	\$39,141.19	\$32,858.81
61	76	4806		INTEREST ON CHECKING		\$1,000.00	\$0.00	\$168.56	\$382.28	\$617.72
61	76	4901		SURPLUS PRIOR YEAR		\$100,000.00	\$0.00	\$0.00	\$0.00	\$100,000.00
61	77	4503		FEDERAL REIMBURSEMENTS		\$0.00	\$850,000.00	\$296,649.55	\$481,700.55	\$368,299.45
61	77	4504		FEDERAL GRANTS		\$950,000.00	\$9,610.00	\$196,826.00	\$248,561.00	\$711,049.00
61	77	4512		HOMELAND SECURITY GRANTS		\$0.00	\$94,333.00	\$0.00	\$94,333.63	(\$0.63)
61	77	4901		SURPLUS PRIOR YEAR		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
61	77	4910		TRANSFER IN		\$0.00	\$0.00	\$0.00	\$12,844.69	(\$12,844.69)
61	78	4119		FORESTRY		\$1,500.00	\$0.00	\$0.00	\$392.03	\$1,107.97
61	78	4806		INTEREST ON CHECKING		\$25.00	\$0.00	\$0.00	\$4.07	\$20.93
61	78	4901		SURPLUS PRIOR YEAR		\$100.00	\$0.00	\$0.00	\$1,146.40	(\$1,046.40)

61	78	4909		TRANSFER OUT		\$0.00	\$0.00	\$0.00	(\$1,542.50)	\$1,542.50
61	1	4101		REAL PROPERTY TAXES		\$650,000.00	\$0.00	\$251,341.80	\$774,216.54	(\$124,216.54)
61	1	4102		PERSONAL PROPERTY TAXES		\$15,000.00	\$0.00	\$0.00	\$0.00	\$15,000.00
61	1	4103		MOTOR VEHICLE TAXES		\$140,000.00	\$0.00	\$41,519.28	\$157,830.67	(\$17,830.67)
61	1	4104		DELINQUENT TAXES		\$100,000.00	\$0.00	\$16,034.84	\$66,728.78	\$33,271.22
61	1	4107		UNMINED MINERALS		\$0.00	\$0.00	\$19,900.37	\$20,098.16	(\$20,098.16)
61	1	4119		TIMBERLAND TAX		\$0.00	\$0.00	\$1,478.19	\$1,585.07	(\$1,585.07)
61	1	4130		BANK FRANCHISES		\$75,000.00	\$0.00	\$0.00	\$76,609.53	(\$1,609.53)
61	1	4131		FRANCHISE CORPORATION TAX		\$150,000.00	\$0.00	\$32,797.36	\$134,022.19	\$15,977.81
61	1	4134		OCCUPATIONAL TAX		\$1,700,000.00	\$0.00	\$422,141.43	\$1,491,919.54	\$208,080.46
61	1	4135		DEED TRANSFER		\$28,000.00	\$0.00	\$7,378.18	\$35,064.51	(\$7,064.51)
61	1	4203		TVA		\$0.00	\$0.00	\$0.00	\$13.80	(\$13.80)
61	1	4205		NATIONAL FOREST - PILT		\$0.00	\$0.00	\$101.00	\$101.00	(\$101.00)
61	1	4401		COMMERCIAL LICENSE		\$300.00	\$0.00	\$20.00	\$235.00	\$65.00
61	1	4501		OMITTED PROPERTY TAX		\$25,000.00	\$0.00	\$2,450.35	\$7,902.87	\$17,097.13
61	1	4505		MOTOR VEHICLE TAX - OTHER COUNTIES		\$7,500.00	\$0.00	\$4,823.45	\$18,499.30	(\$10,999.30)
61	1	4510		STATE GRANTS		\$0.00	\$19,756.00	\$0.00	\$19,756.13	(\$0.13)
61	1	4512		HOMELAND SECURITY GRANTS		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
61	1	4520		ELECTION EXPENSE REIMBURSEMENTS		\$18,000.00	\$0.00	\$0.00	\$18,000.00	\$0.00
61	1	4521		BOARD OF ASSESSMENT		\$200.00	\$0.00	\$0.00	\$300.00	(\$100.00)
61	1	4522		LEGAL PROCESS TAX		\$200.00	\$0.00	\$0.00	\$174.19	\$25.81
61	1	4523		DOG LICENSE REFUND		\$20.00	\$0.00	\$29.30	\$109.05	(\$89.05)
61	1	4526		STRIP MINE PERMITS		\$3,000.00	\$0.00	\$0.00	\$6,651.83	(\$3,651.83)
61	1	4532		AOC SPACE RENTAL		\$98,000.00	\$0.00	\$0.00	\$97,941.34	\$58.66
61	1	4541		DES REIMBURSEMENT		\$12,209.00	\$0.00	\$0.00	\$12,009.77	\$199.23
61	1	4542		FEMA REIMBURSEMENTS		\$0.00	\$156,614.72	\$0.00	\$156,614.72	\$0.00

61	1	4548		COUNTY CLERK FEES	\$191,589.00	\$0.00	\$55,357.20	\$155,357.20	\$36,231.80
61	1	4549		COUNTY SHERIFF FEES	\$450,000.00	\$0.00	\$239,270.88	\$451,667.51	(\$1,667.51)
61	1	4701		VENDING MACHINE COMMISSION	\$1,200.00	\$0.00	\$281.82	\$1,358.89	(\$158.89)
61	1	4727		REIMBURSEMENTS	\$0.00	\$70,700.00	\$76,549.60	\$147,287.37	(\$76,587.37)
61	1	4731		MISCELLANEOUS REVENUES	\$5,000.00	\$0.00	\$0.00	\$25.00	\$4,975.00
61	1	4733		INSURANCE REIMBURSEMENTS	\$85,000.00	\$0.00	\$15,410.83	\$89,790.78	(\$4,790.78)

COUNTY	FY Begin Date	FY End Date	County Judge Executiv	County Treasure
61 KNOX	4/1/2004	6/30/2004	RAYMOND C. SMITH	TAMMY WINE
FILING TYPE >>>		Date Submitted	System Date	Source
4Q		6/30/2004	20040731 110120	FISUPL0

Print This Record >>>>>>

IntyNum	ObjectDescriptio	OriginalBudget	Amendments	Transfers	Total/Available	Claims	FreeBalance
61 01 001 0445	CO. JUDGE/EXEC., OFFICE SUPPLIES	\$9,000.00	\$0.00	\$11,000.00	\$20,000.00	\$19,806.50	\$193.50
61 01 001 0499	JUDGE MISC. SUPPLIES	\$1,000.00	\$0.00	\$9,300.00	\$10,300.00	\$9,878.38	\$421.62
61 01 001 0563	JUDGE POSTAGE	\$0.00	\$0.00	\$500.00	\$500.00	\$382.10	\$117.90
61 01 001 0573	JUDGE TELEPHONE	\$10,000.00	\$0.00	\$200.00	\$10,200.00	\$10,189.09	\$10.91
61 01 001 0725	JUDGE OFFICE EQUIPMENT	\$5,000.00	\$0.00	(\$3,300.00)	\$1,700.00	\$1,631.25	\$68.75
61 01 005 0101	COUNTY ATTORNEY - SALARY	\$11,400.00	\$0.00	\$0.00	\$11,400.00	\$11,390.08	\$9.92
61 01 005 0165	COUNTY ATTORNEY SECRETARY	\$24,240.00	\$0.00	\$50.00	\$24,290.00	\$24,240.06	\$49.94
61 01 005 0445	CO. ATTORNEY OFFICE SUPPLIES	\$1,800.00	\$0.00	(\$500.00)	\$1,300.00	\$1,260.48	\$39.52
61 01 005 0573	COUNTY ATTORNEY TELEPHONE	\$1,800.00	\$0.00	\$1,500.00	\$3,300.00	\$3,151.66	\$148.34
61 01 005 0725	COUNTY ATTORNEY OFFICE EQUIPMENT	\$0.00	\$0.00	\$8,500.00	\$8,500.00	\$8,408.12	\$91.88
61 01 010 0302	CO. CLERK ADVERTISING	\$0.00	\$0.00	\$270.00	\$270.00	\$238.00	\$32.00
61 01 010 0307	CLERK AUDIT FEE	\$0.00	\$0.00	\$800.00	\$800.00	\$763.64	\$36.36
61 01 010 0364	RENTAL-CLERK'S OFFICE	\$6,000.00	\$0.00	\$100.00	\$6,100.00	\$6,100.00	\$0.00
61 01 010 0368	COUNTY CLERK TAX BILLS	\$8,000.00	\$0.00	(\$500.00)	\$7,500.00	\$7,566.90	(\$66.90)
61 01 010 0445	COUNTY CLERK OFFICE SUPPLIES	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

61	01	573	CO CLERK TELEPHONE	\$6,000.00	\$0.00	\$6,600.00	\$12,600.00	\$12,571.93	\$28.07
61	01	578	UTILITIES-CLERK'S OFFICE	\$200.00	\$0.00	\$1,300.00	\$1,500.00	\$1,282.12	\$217.88
61	01	725	CLERK OFFICE EQUIPMENT	\$0.00	\$0.00	\$25,500.00	\$25,500.00	\$25,357.20	\$142.80
61	01	101	COUNTY SHERIFF	\$66,029.83	\$0.00	\$1,900.00	\$67,929.83	\$67,858.22	\$71.61
61	01	103	DEPUTIES SALARIES	\$199,387.00	\$0.00	\$97,600.00	\$296,987.00	\$295,987.34	\$999.66
61	01	103 FC	DEPUTIES SALARIES - FC	\$81,098.00	\$0.00	\$81,600.00	\$162,698.00	\$162,008.43	\$689.57
61	01	181	DEPUTIES INCENTIVE PAY	\$17,000.00	\$0.00	\$7,700.00	\$24,700.00	\$24,441.89	\$258.11
61	01	212	SHERIFF TRIANING INCENTIVE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
61	01	301	LEGAL AND ACCOUNTING	\$4,000.00	\$0.00	(\$3,800.00)	\$200.00	\$0.00	\$200.00
61	01	302	SHERIFF-ADVERTISING DELINQUENT TAXES	\$10,000.00	\$0.00	\$4,800.00	\$14,800.00	\$14,721.00	\$79.00
61	01	307	SHERIFF AUDIT FEE	\$0.00	\$0.00	\$605.00	\$605.00	\$603.40	\$1.60
61	01	340	SHERIFF VEHICLE MAINTENANCE	\$8,000.00	\$0.00	\$18,000.00	\$26,000.00	\$25,617.71	\$382.29
61	01	399	TRANSPORT OFFICER/TRANSPORTATION	\$16,640.00	\$0.00	(\$10,000.00)	\$6,640.00	\$6,310.30	\$329.70
61	01	445	OFFICE MATERIALS AND SUPPLIES	\$8,000.00	\$0.00	\$11,200.00	\$19,200.00	\$19,035.88	\$164.12
61	01	455	SHERIFF PETROLEUM PRODUCTS	\$7,500.00	\$0.00	\$32,000.00	\$39,500.00	\$39,054.92	\$445.08
61	01	481	UNIFORMS	\$5,000.00	\$0.00	\$8,000.00	\$13,000.00	\$12,196.85	\$803.15
61	01	499	OTHER SUPPLIES AND MATERIALS	\$1,000.00	\$0.00	\$13,900.00	\$14,900.00	\$14,693.51	\$206.49
61	01	531	INSURANCE & BONDS	\$500.00	\$0.00	\$300.00	\$800.00	\$746.75	\$53.25
61	01	551	MEMBERSHIP DUES	\$500.00	\$0.00	(\$500.00)	\$0.00	\$0.00	\$0.00

61	01	015	563		SHERIFF POSTAGE	\$9,000.00	\$0.00	(\$1,605.00)	\$7,395.00	\$7,221.42	\$173.58
61	01	015	569		SHERIFF REGISTRATION, CONF. & TRAINING	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
61	01	015	573		SHERIFF TELEPHONE	\$4,500.00	\$0.00	\$8,000.00	\$12,500.00	\$12,329.93	\$170.07
61	01	015	574		DEPUTY TRAINING	\$0.00	\$0.00	\$1,500.00	\$1,500.00	\$1,396.81	\$103.19
61	01	015	723		SHERIFF VEHICLES	\$0.00	\$0.00	\$11,650.00	\$11,650.00	\$11,560.00	\$90.00
61	01	015	725		SHERIFF EQUIPMENT	\$0.00	\$0.00	\$1,150.00	\$1,150.00	\$1,147.00	\$3.00
61	01	015	902		SHERIFF PAYMENT TO GOVERNMENT AGENCIES	\$0.00	\$0.00	\$6,950.00	\$6,950.00	\$6,927.80	\$22.20
61	01	020	101		CO. CORONER SALARY	\$15,833.00	\$0.00	\$0.00	\$15,833.00	\$15,832.96	\$0.04
61	01	020	103		DEPUTY CORONER SALARY	\$5,200.00	\$0.00	\$0.00	\$5,200.00	\$5,200.00	\$0.00
61	01	020	308		AUTOPSY TRIPS	\$2,500.00	\$0.00	\$2,500.00	\$5,000.00	\$4,772.00	\$228.00
61	01	020	446		COUNTY CORONER SUPPLIES	\$500.00	\$0.00	(\$300.00)	\$200.00	\$129.00	\$71.00
61	01	020	531		DEPUTY CORONER BOND	\$0.00	\$0.00	\$182.00	\$182.00	\$162.40	\$19.60
61	01	020	573		COUNTY CORONER TELEPHONE	\$1,200.00	\$0.00	(\$1,200.00)	\$0.00	\$0.00	\$0.00
61	01	025	101		MAGISTRATES SALARY	\$93,220.00	\$0.00	\$0.00	\$93,220.00	\$93,191.84	\$28.16
61	01	025	167		FISCAL COURT CLERK SALARY	\$1,300.00	\$0.00	\$50.00	\$1,350.00	\$1,350.00	\$0.00
61	01	025	210		FISCAL COURT EXPENSE ALLOWANCE	\$18,000.00	\$0.00	\$7,000.00	\$25,000.00	\$24,959.16	\$40.84
61	01	025	212		MAGISTRATES' TRAINING	\$6,071.68	\$0.00	(\$1,400.00)	\$4,671.68	\$3,064.40	\$1,607.28
61	01	025	302		FISCAL COURT ADVERTISING	\$10,000.00	\$0.00	(\$4,500.00)	\$5,500.00	\$5,060.99	\$439.01
61	01	025	332		FISCAL COURT LEGAL FEES	\$0.00	\$0.00	\$134,100.00	\$134,100.00	\$107,873.33	\$26,226.67

61	01	025	742		FISCAL COURT BUILDINGS	\$0.00	\$0.00	\$656.00	\$656.00	\$0.00	\$0.00
61	01	030	302		PVA ADVERTISING	\$100.00	\$0.00	\$0.00	\$100.00	\$0.00	\$0.00
61	01	030	367		PVA STATUTORY CONTRIBUTION	\$32,152.00	\$0.00	\$2,514.00	\$34,666.00	\$25,790.00	\$8,876.00
61	01	030	573		PVA TELEPHONE	\$1,700.00	\$0.00	\$600.00	\$2,300.00	\$2,298.85	\$1.15
61	01	030	576		PVA TRAVEL	\$300.00	\$0.00	\$0.00	\$300.00	\$300.00	\$0.00
61	01	035	191		BOARD OF ASSESSMENT APPEALS	\$1,000.00	\$0.00	(\$600.00)	\$400.00	\$400.00	\$0.00
61	01	040	102		COUNTY TREASURER - SALARY	\$23,000.00	\$0.00	\$1,800.00	\$24,800.00	\$24,788.74	\$11.26
61	01	040	445		CO. TREASURER, OFFICE SUPPLIES	\$1,000.00	\$0.00	\$0.00	\$1,000.00	\$992.80	\$7.20
61	01	040	725		TREASURER EQUIPMENT	\$0.00	\$0.00	\$550.00	\$550.00	\$529.99	\$20.01
61	01	047	142		TAX ADMINISTRATOR	\$14,000.00	\$0.00	\$11,200.00	\$25,200.00	\$25,157.76	\$42.24
61	01	047	302		OCCUPATIONAL TAX ADVERTISING	\$0.00	\$0.00	\$400.00	\$400.00	\$398.09	\$1.91
61	01	047	318		OCCUPATIONAL TAX DATA PROCESSING	\$0.00	\$0.00	\$2,100.00	\$2,100.00	\$2,100.00	\$0.00
61	01	047	445		OCCUPATIONAL TAX SUPPLIES	\$3,000.00	\$0.00	(\$1,000.00)	\$2,000.00	\$1,420.84	\$579.16
61	01	047	503		OCCUPATIONAL TAX BANK CHARGES	\$0.00	\$0.00	\$577.00	\$577.00	\$575.58	\$1.42
61	01	047	563		OCCUPATIONAL TAX POSTAGE	\$2,500.00	\$0.00	(\$1,000.00)	\$1,500.00	\$1,005.72	\$494.28
61	01	047	567		OCCUPATIONAL TAX REFUNDS	\$5,000.00	\$0.00	(\$3,150.00)	\$1,850.00	\$1,003.68	\$846.32
61	01	047	573		OCCUPATIONAL TAX TELEPHONE	\$0.00	\$0.00	\$500.00	\$500.00	\$430.23	\$69.77
61	01	047	576		OCCUPATIONAL TAX TRAVEL	\$0.00	\$0.00	\$1,000.00	\$1,000.00	\$522.89	\$477.11

61	01	047	725		OCCUPATIONAL TAX OFFICE EQUIPMENT	\$3,000.00	\$0.00	(\$1,300.00)	\$1,700.00	\$1,601.96	\$98.04
61	01	060	101		LAW LIBRARY	\$1,200.00	\$0.00	\$0.00	\$1,200.00	\$250.00	\$950.00
61	01	065	192		ELECTION OFFICERS SALARIES/MILEAGE	\$16,300.00	\$0.00	\$16,000.00	\$32,300.00	\$31,960.11	\$339.89
61	01	065	193		ELECTION COMMISSIONERS SALARIES	\$2,000.00	\$0.00	\$2,000.00	\$4,000.00	\$4,000.00	\$0.00
61	01	065	302		ELECTION ADVERTISING	\$5,600.00	\$0.00	\$1,400.00	\$7,000.00	\$6,994.55	\$5.45
61	01	065	341		ELECTION MAINTENANCE & REPAIR	\$8,000.00	\$0.00	(\$1,251.62)	\$6,748.38	\$6,658.17	\$90.21
61	01	065	347		POLLING PLACES, RENTAL	\$2,000.00	\$0.00	\$800.00	\$2,800.00	\$2,800.00	\$0.00
61	01	065	399		DELIVERY OF VOTING MACHINES...	\$1,000.00	\$0.00	\$0.00	\$1,000.00	\$1,000.00	\$0.00
61	01	075	446		ECONOMIC DEVELOPMENT	\$10,000.00	\$0.00	(\$3,000.00)	\$7,000.00	\$6,878.72	\$121.28
61	01	075	990		ECONOMIC DEVELOPMENT LOAN	\$0.00	\$0.00	\$5,000.00	\$5,000.00	\$5,000.00	\$0.00
61	01	080	175		CUSTODIAL PERSONNEL	\$47,000.00	\$0.00	\$9,200.00	\$56,200.00	\$56,126.56	\$73.44
61	01	080	177		COURTHOUSE MAINT. & GROUNDS PERSONNEL	\$0.00	\$0.00	\$25,100.00	\$25,100.00	\$23,747.96	\$1,352.04
61	01	080	336		COURTHOUSE MAINTENANCE & REPAIR	\$40,000.00	\$0.00	\$75,300.00	\$115,300.00	\$115,278.25	\$21.75
61	01	080	364		COURTHOUSE RENTAL	\$5,200.00	\$0.00	(\$4,000.00)	\$1,200.00	\$1,200.00	\$0.00
61	01	080	366		GARBAGE COLLECTION	\$3,000.00	\$0.00	(\$1,000.00)	\$2,000.00	\$1,734.75	\$265.25
61	01	080	406		COURTHOUSE SUPPLIES	\$8,000.00	\$0.00	(\$600.00)	\$7,400.00	\$7,362.89	\$37.11
61	01	080	570		COURTHOUSE RENEWAL & REPAIR	\$50,000.00	\$0.00	(\$44,500.00)	\$5,500.00	\$5,402.53	\$97.47
61	01	080	578		COURTHOUSE UTILITIES	\$30,000.00	\$0.00	\$500.00	\$30,500.00	\$30,429.71	\$70.29
61	01	080	725		COURTHOUSE EQUIPMENT	\$10,000.00	\$0.00	(\$8,700.00)	\$1,300.00	\$1,260.00	\$40.00

61	01	086	334	ANNEX BUILDING MAINTENANCE & REPAIRS	\$0.00	\$0.00	\$1,300.00	\$1,300.00	\$1,198.62	\$101.38
61	01	086	364	ANNEX BUILDING RENTAL	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
61	01	120	348	FIRE DEPARTMENT SUPPORT	\$50,000.00	\$0.00	(\$50,000.00)	\$0.00	\$0.00	\$0.00
61	01	135	107	DES SALARY	\$12,918.00	\$0.00	\$5,100.00	\$18,018.00	\$18,000.06	\$17.94
61	01	135	445	DES OFFICE SUPPLIES	\$500.00	\$0.00	(\$500.00)	\$0.00	\$0.00	\$0.00
61	01	135	455	DES PETROLEUM PRODUCTS	\$4,500.00	\$0.00	(\$1,000.00)	\$3,500.00	\$2,407.41	\$1,092.59
61	01	135	574	DES TRAINING	\$6,000.00	\$0.00	(\$5,000.00)	\$1,000.00	\$607.28	\$392.72
61	01	135	739	DES OTHER EQUIPMENT	\$0.00	\$8,623.00	\$10,000.00	\$18,623.00	\$18,260.45	\$362.55
61	01	150	513	FORESTRY	\$0.00	\$0.00	\$3,616.00	\$3,616.00	\$3,616.00	\$0.00
61	01	160	398	DRUG TASK FORCE	\$14,600.00	\$0.00	(\$14,600.00)	\$0.00	\$0.00	\$0.00
61	01	175	573	PUBLIC ADVOCACY TELEPHONE	\$1,500.00	\$0.00	\$200.00	\$1,700.00	\$1,677.32	\$22.68
61	01	175	903	PUBLIC ADVOCACY	\$3,800.00	\$0.00	\$200.00	\$4,000.00	\$3,974.00	\$26.00
61	01	205	102	DOG WARDEN	\$16,640.00	\$0.00	\$50.00	\$16,690.00	\$16,640.04	\$49.96
61	01	205	398	ANIMAL CONTROL CONTRACT SERVICES	\$0.00	\$0.00	\$7,500.00	\$7,500.00	\$7,500.00	\$0.00
61	01	205	446	ANIMAL CONTROL SUPPLIES	\$0.00	\$0.00	\$14,500.00	\$14,500.00	\$14,031.87	\$468.13
61	01	205	574	ANIMAL CONTROL TRAINING	\$0.00	\$0.00	\$800.00	\$800.00	\$706.79	\$93.21
61	01	205	723	ANIMAL CONTROL VEHICLE	\$0.00	\$0.00	\$13,781.00	\$13,781.00	\$13,593.92	\$187.08
61	01	212	107	SOLID WASTE COORDINATOR	\$18,720.00	\$0.00	\$1,250.00	\$19,970.00	\$19,944.00	\$26.00
61	01	212	167	SOLID WASTE CLERK	\$0.00	\$0.00	\$14,300.00	\$14,300.00	\$14,256.15	\$43.85

61	01	212	302		SOLID WASTE ADVERTISING		\$0.00		\$0.00	\$100.00	\$100.00	\$65.00	\$35.00
61	01	212	336		SOLID WASTE BUILDING MAINT.		\$0.00		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
61	01	212	364		SOLID WASTE RENTAL		\$0.00		\$0.00	\$4,400.00	\$4,400.00	\$4,400.00	\$0.00
61	01	212	366		SOLID WASTE GARBAGE COLLECTION		\$0.00		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
61	01	212	398		SOLID WASTE CONTRACT LABOR		\$0.00		\$0.00	\$7,700.00	\$7,700.00	\$7,700.00	\$0.00
61	01	212	445		SOLID WASTE SUPPLIES & MATERIALS		\$4,000.00		\$0.00	\$3,000.00	\$7,000.00	\$6,957.58	\$42.42
61	01	212	455		SOLID WASTE PETROLEUM PRODUCTS		\$4,000.00		\$0.00	\$10,000.00	\$14,000.00	\$13,891.22	\$108.78
61	01	212	499		SOLID WASTE MISC. MATERIALS		\$1,000.00		\$0.00	\$7,000.00	\$8,000.00	\$7,963.19	\$36.81
61	01	212	543		SOLID WASTE VEHICLE REGISTRATION		\$0.00		\$0.00	\$165.00	\$165.00	\$163.50	\$1.50
61	01	212	569		SOLID WASTE CONFERENCES, TRAINING		\$0.00		\$0.00	\$260.00	\$260.00	\$191.23	\$68.77
61	01	212	573		SOLID WASTE TELEPHONE		\$0.00		\$0.00	\$1,625.00	\$1,625.00	\$1,601.36	\$23.64
61	01	212	578		SOLID WASTE UTILITIES		\$0.00		\$0.00	\$1,800.00	\$1,800.00	\$1,586.40	\$213.60
61	01	212	592		SOLID WASTE VEHICLE MAINT. & REPAIR		\$1,000.00		\$0.00	\$3,900.00	\$4,900.00	\$4,884.01	\$15.99
61	01	212	725		SOLID WASTE EQUIPMENT		\$0.00		\$0.00	\$3,475.00	\$3,475.00	\$3,389.74	\$85.26
61	01	217	314		RECYCLING PROGRAM		\$0.00		\$0.00	\$2,000.00	\$2,000.00	\$2,000.00	\$0.00
61	01	233	507		MENTAL HEALTH & RETARDATION		\$5,880.00		\$0.00	(\$5,880.00)	\$0.00	\$0.00	\$0.00
61	01	305	507		SENIOR CITIZEN PROGRAM		\$10,000.00		\$0.00	(\$10,000.00)	\$0.00	\$0.00	\$0.00
61	01	315	507		CHILDREN & YOUTH SERVICES		\$4,000.00		\$0.00	(\$3,000.00)	\$1,000.00	\$1,000.00	\$0.00

61	01	330	344	PAUPER BURIALS	\$1,200.00	\$0.00	(\$1,200.00)	\$0.00	\$0.00	\$0.00
61	01	401	398	KAY JAY CONTRACT SERVICES	\$0.00	\$0.00	\$4,000.00	\$4,000.00	\$2,163.00	\$1,837.00
61	01	401	467	KAY JAY MATERIALS & SUPPLIES	\$0.00	\$0.00	\$1,700.00	\$1,700.00	\$486.36	\$1,213.64
61	01	401	578	KAY JAY UTILITIES	\$0.00	\$0.00	\$475.00	\$475.00	\$296.48	\$178.52
61	01	105	373	CONTRACT LABOR/FEMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
61	01	105	447	ROAD MATERIALS/FEMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
61	01	401	603	PRINCIPAL ON NOTES (BOND)	\$0.00	\$3,750,000.00	\$0.00	\$3,750,000.00	\$31,334.39	\$3,718,665.61
61	01	500	607	INTEREST ON NOTE	\$0.00	\$0.00	\$196,542.47	\$196,542.47	\$157,500.00	\$39,042.47
61	01	700	602	PRINCIPAL ON LEASE	\$0.00	\$1,296,189.00	\$0.00	\$1,296,189.00	\$0.00	\$1,296,189.00
61	01	000	742	BUILDINGS AND CONSTRUCTION	\$0.00	\$5,000,000.00	\$256,800.00	\$4,743,200.00	\$0.00	\$4,743,200.00
61	01	100	307	STATE AUDITING SERVICES	\$25,000.00	\$0.00	(\$12,700.00)	\$12,300.00	\$12,223.55	\$76.45
61	01	100	521	INSURANCE	\$83,444.00	\$0.00	\$4,650.00	\$88,094.00	\$88,077.72	\$16.28
61	01	100	551	MEMBERSHIPS	\$10,000.00	\$0.00	\$870.00	\$10,870.00	\$10,769.00	\$101.00
61	01	100	569	REGISTRATION, CONFERENCES & TRAINING	\$10,000.00	\$0.00	\$16,700.00	\$26,700.00	\$26,657.84	\$42.16
61	01	100	901	PRIOR YEAR CLAIMS	\$15,000.00	\$0.00	(\$15,500.00)	(\$500.00)	(\$591.22)	\$91.22
61	01	100	903	ADMINISTRATION (PROGRAM SUPPORT)	\$0.00	\$953,811.00	\$0.00	\$953,811.00	\$0.00	\$953,811.00
61	01	200	999	RESERVE FOR TRANSFERS	\$469,049.70	\$315,652.38	\$784,702.08	\$0.00	\$0.00	\$0.00
61	01	300	999	TRANSFERS	\$0.00	\$0.00	\$290,000.00	(\$290,000.00)	\$0.00	(\$290,000.00)
61	01	400	201	SOCIAL SECURITY, CO. MATCH	\$64,852.00	\$0.00	\$15,500.00	\$80,352.00	\$80,137.00	\$215.00

61	01	400	202		RETIREMENT, CO. MATCH	\$61,202.00	\$0.00	\$74,280.00	\$135,482.00	\$126,192.92	\$9,289.08
61	01	400	205		EMPLOYEE HEALTH INSURANCE	\$212,000.00	\$0.00	\$126,000.00	\$338,000.00	\$302,762.53	\$35,237.47
61	01	400	208		UNEMPLOYMENT COMPENSATION INSURANCE	\$17,000.00	\$0.00	\$17,895.23	\$34,895.23	\$34,894.34	\$0.89
61	01	400	209		WORKMEN'S COMPENSATION	\$31,063.00	\$0.00	(\$6,750.00)	\$24,313.00	\$24,310.69	\$2.31
61	02	212	348		LITTER ABATEMENT SUPPORT	\$22,000.00	\$0.00	\$0.00	\$22,000.00	\$12,078.32	\$9,921.68
61	02	103	102		ROAD SUPERVISOR SALARY	\$25,000.00	\$0.00	\$300.00	\$25,300.00	\$25,272.06	\$27.94
61	02	103	578		UTILITIES	\$3,000.00	\$0.00	\$0.00	\$3,000.00	\$2,241.86	\$758.14
61	02	105	143		ROAD WORKERS SALARIES	\$250,000.00	\$0.00	\$137,000.00	\$387,000.00	\$381,011.31	\$5,988.69
61	02	105	167		ROAD DEPT. CLERICAL	\$14,560.00	\$0.00	(\$2,300.00)	\$12,260.00	\$4,992.00	\$7,268.00
61	02	105	179		PART TIME CLERICAL	\$12,792.00	\$0.00	\$1,300.00	\$14,092.00	\$14,026.82	\$65.18
61	01	001	101		COUNTY JUDGE/EXEC. - SALARY	\$66,029.83	\$0.00	\$2,500.00	\$68,529.83	\$68,337.72	\$192.11
61	01	001	103		DEPUTY JUDGE SALARY	\$40,000.00	\$0.00	\$0.00	\$40,000.00	\$39,999.96	\$0.04
61	01	001	104		FINANCE OFFICER	\$20,800.00	\$0.00	\$0.00	\$20,800.00	\$10,910.00	\$9,890.00
61	01	001	105		ADMINISTRATIVE ASSISTANCE	\$16,640.00	\$0.00	\$500.00	\$17,140.00	\$16,990.00	\$150.00
61	01	001	167		CLERICAL	\$15,560.00	\$0.00	\$15,500.00	\$31,060.00	\$30,878.50	\$181.50
61	01	001	179		TEMPORARY/PART-TIME CLERICAL	\$1,000.00	\$0.00	\$1,000.00	\$2,000.00	\$1,868.17	\$131.83
61	01	001	212		TRAINING	\$758.96	\$0.00	\$1,000.00	\$1,758.96	\$1,713.76	\$45.20
61	01	001	301		ACCOUNTING SERVICES	\$10,000.00	\$0.00	(\$5,300.00)	\$4,700.00	\$4,700.00	\$0.00
61	02	105	302		ROAD PRINTING & ADVERTISING	\$12,000.00	\$0.00	(\$12,000.00)	\$0.00	\$0.00	\$0.00

61	02	105	312		CONTRACTED CONSTRUCTION - BRIDGES	\$0.00	\$583,000.00	(\$37,600.00)	\$545,400.00	\$312,260.72	\$233,139.28
61	02	105	327		FEMA FISCAL AGENT(S)	\$0.00		\$11,250.00	\$11,250.00	\$3,750.00	\$7,500.00
61	02	105	366		GARBAGE SERVICE	\$1,800.00		\$0.00	\$1,800.00	\$1,500.00	\$300.00
61	02	105	373		CONTRACT LABOR	\$10,000.00		\$320,000.00	\$330,000.00	\$310,690.70	\$19,309.30
61	02	105	398	2	ROAD CONTRACT SERVICES/ FEMA	\$0.00		\$255,000.00	\$255,000.00	\$251,245.64	\$3,754.36
61	02	105	441		NEW MACHINERY AND EQUIPMENT	\$300,000.00		\$255,150.00	\$44,850.00	\$29,300.00	\$15,550.00
61	02	105	443		MOTOR VEHICLE REPAIR PARTS	\$60,000.00		\$63,950.00	\$123,950.00	\$81,431.28	\$42,518.72
61	02	105	445		OFFICE SUPPLIES	\$3,000.00		\$4,500.00	\$7,500.00	\$7,183.41	\$316.59
61	02	105	447		ROAD MATERIALS	\$1,340,030.94	\$959,446.03	\$747,656.00	\$1,551,820.97	\$1,294,355.38	\$257,465.59
61	02	105	447	2	ROAD MATERIALS-FEMA2	\$0.00		\$199,000.00	\$199,000.00	\$34,179.19	\$164,820.81
61	02	105	447	3	ROAD MATERIALS-FEMA3	\$0.00		\$0.00	\$0.00	\$166,494.61	(\$166,494.61)
61	02	105	455		PETROLEUM PRODUCTS	\$40,000.00		\$34,000.00	\$74,000.00	\$67,467.43	\$6,532.57
61	02	105	499		MISC. MATERIALS & SUPPLIES	\$1,000.00		\$13,000.00	\$14,000.00	\$13,400.17	\$599.83
61	02	105	503		BANK CHARGES	\$0.00		\$50.00	\$50.00	\$38.35	\$11.65
61	02	105	573		ROAD TELEPHONE	\$800.00		\$1,500.00	\$2,300.00	\$2,285.28	\$14.72
61	02	105	742		ROAD BUILDINGS	\$0.00		\$656.00	\$656.00	\$656.00	\$0.00
61	02	700	602		PRINCIPAL ON LEASE / NOTE	\$77,292.13		\$2,500.00	\$79,792.13	\$73,847.34	\$5,944.79
61	02	700	606		INTEREST ON LEASE	\$7,786.58		\$500.00	\$8,286.58	\$8,174.11	\$112.47

61	02	100	307		AUDIT	\$5,000.00	\$0.00	\$0.00	\$5,000.00	\$0.00	\$5,000.00	\$0.00	\$5,000.00
61	02	100	521		INSURANCE	\$5,000.00	\$0.00	\$0.00	\$5,000.00	\$0.00	\$5,000.00	\$0.00	\$5,000.00
61	02	200	999		RESERVE FOR TRANSFERS	\$31,920.72	\$0.00	(\$31,900.00)	\$20.72	\$0.00	\$20.72	\$0.00	\$20.72
61	02	400	201		SOCIAL SECURITY COUNTY MATCH	\$23,103.00	\$0.00	\$8,500.00	\$31,603.00	\$31,393.79	\$209.21	\$264.69	\$209.21
61	02	400	202		RETIREMENT, COUNTY MATCH	\$21,254.00	\$0.00	\$4,600.00	\$25,854.00	\$25,589.31	\$264.69	\$25,589.31	\$264.69
61	02	400	205		EMPLOYEE HEALTH INSURANCE	\$53,760.00	\$0.00	\$14,000.00	\$67,760.00	\$62,058.65	\$5,701.35	\$62,058.65	\$5,701.35
61	02	400	208		UNEMPLOYMENT	\$4,000.00	\$0.00	\$0.00	\$4,000.00	\$0.00	\$4,000.00	\$0.00	\$4,000.00
61	02	400	209		WORKERS' COMPENSATION	\$14,085.00	\$0.00	\$15,000.00	\$29,085.00	\$28,451.51	\$633.49	\$28,451.51	\$633.49
61	03	015	364		CAR RENTAL	\$0.00	\$0.00	\$700.00	\$700.00	\$699.99	\$0.01	\$699.99	\$0.01
61	03	101	101		JAILERS SALARY	\$54,645.37	\$0.00	\$0.00	\$54,645.37	\$52,547.82	\$2,097.55	\$52,547.82	\$2,097.55
61	03	101	103		JAIL PERSONNEL SALARIES	\$216,000.00	\$0.00	\$215,156.00)	\$844.00	\$827.75	\$16.25	\$827.75	\$16.25
61	03	101	212		JAILERS TRAINING FRINGE	\$688.00	\$0.00	(\$500.00)	\$188.00	\$0.00	\$188.00	\$0.00	\$188.00
61	03	101	314		CONTRACTS WITH OTHER COUNTIES	\$0.00	\$0.00	\$779,500.00	\$779,500.00	\$778,678.00	\$822.00	\$778,678.00	\$822.00
61	03	101	332		JAIL LEGAL FEES	\$0.00	\$0.00	\$11,700.00	\$11,700.00	\$11,629.58	\$70.42	\$11,629.58	\$70.42
61	03	101	334		BUILDING REPAIR	\$50,000.00	\$0.00	(\$32,000.00)	\$18,000.00	\$17,798.87	\$201.13	\$17,798.87	\$201.13
61	03	101	336		EQUIPMENT REPAIR	\$5,000.00	\$0.00	\$1,500.00	\$6,500.00	\$6,063.65	\$436.35	\$6,063.65	\$436.35
61	03	101	346		PEST CONTROL	\$400.00	\$0.00	\$500.00	\$900.00	\$450.00	\$450.00	\$450.00	\$450.00
61	03	101	364		VEHICLE RENTAL	\$0.00	\$0.00	\$2,580.00	\$2,580.00	\$2,520.14	\$59.86	\$2,520.14	\$59.86
61	03	101	366		GARBAGE SERVICE	\$1,500.00	\$0.00	\$400.00	\$1,900.00	\$1,862.00	\$38.00	\$1,862.00	\$38.00

61	03	101	399		MISCELLANEOUS CONTRACTUAL SERVICES	\$4,500.00		\$0.00	(\$4,500.00)	\$0.00	\$0.00	\$0.00
61	03	101	425		FOOD	\$50,000.00		\$0.00	(\$44,883.00)	\$5,117.00	\$5,081.76	\$35.24
61	03	101	445		OFFICE SUPPLIES	\$2,000.00		\$0.00	\$0.00	\$2,000.00	\$1,567.78	\$432.22
61	03	101	455		PETROLEUM PRODUCTS	\$1,500.00		\$0.00	\$5,900.00	\$7,400.00	\$7,506.32	(\$106.32)
61	03	101	481		STAFF UNIFORMS	\$5,000.00		\$0.00	(\$3,700.00)	\$1,300.00	\$1,205.53	\$94.47
61	03	101	499		OTHER MATERIALS AND SUPPLIES	\$1,000.00		\$0.00	\$5,600.00	\$6,600.00	\$6,563.16	\$36.84
61	03	101	549		ROUTINE MEDICAL	\$100,000.00		\$0.00	\$71,000.00	\$171,000.00	\$170,870.70	\$129.30
61	03	101	573		TELEPHONE	\$3,500.00		\$0.00	(\$1,000.00)	\$2,500.00	\$2,345.67	\$154.33
61	03	101	578		UTILITIES	\$25,000.00		\$0.00	(\$13,700.00)	\$11,300.00	\$11,202.87	\$97.13
61	03	101	592		MOTOR VEHICLE REPAIR	\$1,000.00		\$0.00	\$9,500.00	\$10,500.00	\$10,008.54	\$491.46
61	03	101	742		JAIL BUILDING	\$0.00		\$0.00	\$656.00	\$656.00	\$656.00	\$0.00
61	03	102	314		CONTRACTS WITH OTHER CO - JUVENILES	\$230,000.00		\$0.00	\$205,800.00)	\$24,200.00	\$23,887.00	\$313.00
61	03	700	602		PRINCIPAL ON LEASE	\$20,348.37		\$0.00	\$103.00	\$20,451.37	\$20,348.37	\$103.00
61	03	700	606		INTEREST ON LEASE	\$21,559.89		\$0.00	\$0.00	\$21,559.89	\$21,559.89	\$0.00
61	03	100	551		MEMBERSHIP DUES	\$350.00		\$0.00	\$0.00	\$350.00	\$0.00	\$350.00
61	03	100	569		STAFF TRAINING	\$800.00		\$0.00	(\$500.00)	\$300.00	\$231.05	\$68.95
61	03	200	999		RESERVE FOR TRANSFERS	\$0.00		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
61	03	300	999		TRANSFERS	\$0.00		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
61	03	400	201		SOCIAL SECURITY, COUNTY SHARE	\$20,607.00		\$0.00	(\$16,000.00)	\$4,607.00	\$3,879.03	\$727.97

61	03	400	202	RETIREMENT, COUNTY SHARE	\$19,772.00	\$0.00	(\$15,000.00)	\$4,772.00	\$4,050.67	\$721.33
61	03	400	203	EMPLOYEE INSURANCE	\$35,500.00	\$0.00	(\$34,500.00)	\$1,000.00	\$163.68	\$836.32
61	03	400	208	UNEMPLOYMENT INSURANCE	\$4,600.00	\$0.00	(\$4,600.00)	\$0.00	\$0.00	\$0.00
61	03	400	209	WORKERS COMPENSATION	\$7,893.00	\$0.00	(\$7,800.00)	\$93.00	\$0.00	\$93.00
61	04	105	348	COAL SEVERANCE / SHERIFF & POLICE	\$60,000.00	\$0.00	\$4,400.00	\$64,400.00	\$64,397.33	\$2.67
61	04	120	348	COAL SEVERANCE/FIRE DEPARTMENTS	\$210,000.00	\$0.00	\$0.00	\$210,000.00	\$210,000.00	\$0.00
61	04	140	348	COAL SEVERANCE/ AMBULANCE	\$38,000.00	\$0.00	\$0.00	\$38,000.00	\$38,000.00	\$0.00
61	04	220	348	COAL SEVERANCE/ FIRE HYDRANTS	\$3,000.00	\$0.00	\$0.00	\$3,000.00	\$3,000.00	\$0.00
61	04	220	579	WATER PROJECTS	\$1,366,400.00	\$0.00	(\$4,400.00)	\$1,362,000.00	\$58,180.00	\$1,303,820.00
61	04	231	348	COAL SEVERANCE/ HEALTH DEPT.	\$40,000.00	\$0.00	\$0.00	\$40,000.00	\$40,000.00	\$0.00
61	04	305	348	COAL SEVERANCE/ SENIOR CITIZENS	\$20,000.00	\$0.00	\$0.00	\$20,000.00	\$15,000.00	\$5,000.00
61	04	315	348	COAL SEVERANCE /CHILDRENS HOME	\$20,000.00	\$0.00	\$0.00	\$20,000.00	\$20,000.00	\$0.00
61	04	340	348	COAL SEVERANCE/CHEEK EMERGENCY FUND	\$10,000.00	\$0.00	\$0.00	\$10,000.00	\$10,000.00	\$0.00
61	04	410	348	COAL SEVERANCE/ LIBRARY	\$15,000.00	\$0.00	\$0.00	\$15,000.00	\$15,000.00	\$0.00
61	04	106	441	ROADS / MACHINERY & EQUIPMENT	\$0.00	\$0.00	\$0.00	\$0.00	\$10,000.00	(\$10,000.00)
61	04	106	447	ROADS / MATERIALS & SUPPLIES	\$285,000.00	\$0.00	\$0.00	\$285,000.00	\$122,128.84	\$162,871.16
61	05	401	467	MISC. MATERIALS & SUPPLIES	\$7,000.00	\$0.00	\$0.00	\$7,000.00	\$441.00	\$6,559.00
61	05	401	578	UTILITIES	\$100.00	\$0.00	\$0.00	\$100.00	\$5.87	\$94.13

61	13	215	179		PART TIME PERSONNEL	\$10,000.00	\$0.00	\$0.00	\$10,000.00	\$0.00	\$10,000.00	\$10,000.00
61	13	215	302		ADVERTISING	\$500.00	\$0.00	\$0.00	\$500.00	\$0.00	\$500.00	\$500.00
61	13	215	366		GARBAGE SERVICE	\$4,000.00	\$0.00	\$0.00	\$4,000.00	\$0.00	\$4,000.00	\$4,000.00
61	13	215	398		CONTRACT SERVICES	\$145,735.00	\$45,000.00	(\$2,500.00)	\$188,235.00	\$24,187.62	\$164,047.38	
61	13	215	441		EQUIPMENT	\$2,500.00	\$0.00	\$0.00	\$2,500.00	\$0.00	\$2,500.00	\$2,500.00
61	13	215	499		MISC. MATERIALS & SUPPLIES	\$1,000.00	\$0.00	\$1,700.00	\$2,700.00	\$1,811.97	\$888.03	
61	13	215	576		TRAVEL	\$0.00	\$0.00	\$800.00	\$800.00	\$628.94	\$171.06	
61	13	400	201		FRINGE SOCIAL SECURITY	\$765.00	\$0.00	\$0.00	\$765.00	\$0.00	\$765.00	\$765.00
61	75	145	107		911 DIRECTOR	\$23,000.00	\$0.00	\$6,500.00	\$29,500.00	\$29,486.93	\$13.07	
61	75	145	131		DATABASE TECHNICIAN	\$20,800.00	\$0.00	\$3,600.00	\$24,400.00	\$24,390.00	\$10.00	
61	75	145	159		DISPATCHERS	\$33,280.00	\$0.00	(\$9,100.00)	\$24,180.00	\$0.00	\$24,180.00	
61	75	145	179		TEMPORARY/PART-TIME PERSONNEL	\$0.00	\$0.00	\$1,300.00	\$1,300.00	\$1,288.00	\$12.00	
61	75	145	340		VEHICLE MAINTENANCE	\$2,000.00	\$0.00	\$2,000.00	\$4,000.00	\$1,993.31	\$2,006.69	
61	75	145	398		CONTRACT SERVICES-911	\$195,620.00	\$0.00	(\$6,200.00)	\$189,420.00	\$91,392.38	\$98,027.62	
61	75	145	455		PETROLEUM PRODUCTS	\$1,200.00	\$0.00	\$0.00	\$1,200.00	\$1,185.00	\$15.00	
61	75	145	499		MISC. SUPPLIES & MATERIALS	\$1,000.00	\$0.00	\$3,700.00	\$4,700.00	\$3,782.75	\$917.25	
61	75	145	573		TELEPHONE / CELL PHONE	\$3,000.00	\$0.00	\$1,600.00	\$4,600.00	\$4,563.93	\$36.07	
61	75	145	578		UTILITIES	\$75,000.00	\$0.00	(\$6,100.00)	\$68,900.00	\$267.78	\$68,632.22	
61	75	145	588		EQUIPMENT MAINTENANCE	\$10,000.00	\$0.00	(\$700.00)	\$9,300.00	\$7,207.41	\$2,092.59	

61	75	145	725	EQUIPMENT	\$100,000.00	\$0.00	\$2,400.00	\$102,400.00	\$50,267.92	\$52,132.08
61	75	100	569	911 CONFERENCE/REGISTRATIO	\$0.00	\$0.00	\$1,000.00	\$1,000.00	\$440.19	\$559.81
61	75	400	201	MATCHING SOCIAL SECURITY	\$5,900.00	\$0.00	\$0.00	\$5,900.00	\$3,987.73	\$1,912.27
61	75	400	202	MATCHING RETIREMENT	\$5,700.00	\$0.00	\$0.00	\$5,700.00	\$4,016.65	\$1,683.35
61	75	400	205	FRINGE MEDICAL	\$11,500.00	\$0.00	\$0.00	\$11,500.00	\$7,463.76	\$4,036.24
61	76	145	319	SOFTWARE DEVELOPMENT	\$73,000.00	\$0.00	\$0.00	\$73,000.00	\$39,471.16	\$33,528.84
61	76	145	725	EQUIPMENT	\$100,000.00	\$0.00	\$0.00	\$100,000.00	\$0.00	\$100,000.00
61	77	075	730	ROAD PROJECTS	\$0.00	\$850,000.00	\$0.00	\$850,000.00	\$618,106.55	\$231,893.45
61	77	135	723	DES VEHICLES	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
61	77	135	739	DES EQUIPMENT	\$0.00	\$9,610.00	\$1,600.00	\$11,210.00	\$11,215.41	(\$5.41)
61	77	136	445	DES SUPPLIES (HS)	\$0.00	\$16,610.00	(\$1,600.00)	\$15,010.00	\$7,029.02	\$7,980.98
61	77	136	723	DES VEHICLES (HS)	\$0.00	\$30,000.00	\$0.00	\$30,000.00	\$27,677.00	\$2,323.00
61	77	136	739	DES EQUIPMENT (HS)	\$0.00	\$47,723.00	\$6,000.00	\$53,723.00	\$53,422.69	\$300.31
61	77	225	313	SANITARY SEWER EXTENSION	\$950,000.00	\$0.00	(\$83,950.00)	\$866,050.00	\$0.00	\$866,050.00
61	77	225	398	CONTRACTED SERVICES/DUMP CLEANUP	\$0.00	\$0.00	\$77,900.00	\$77,900.00	\$77,335.00	\$565.00
61	77	100	445	OFFICE SUPPLIES	\$0.00	\$0.00	\$50.00	\$50.00	\$20.25	\$29.75
61	78	150	513	FORESTRY	\$1,625.00	\$0.00	\$0.00	\$1,625.00	\$0.00	\$1,625.00


COUNTY	FY Begin Date	FY End Date	County Judge Executiv	County Treasure
61 KNOX	4/1/2004	6/30/2004	RAYMOND C. SMITH	TAMMY WINE
FILING TYPE >>>	Date Submitted	System Date	Source	
4Q	6/30/2004	20040731 110120	FISUPL0	

Print This Record >>>>>>

CountyNum	61	FundCod	02	PrincipalMOC	7700	602	IssueDescriptio	KY Transportation - Garage Lease
IssueTerm	20	Interest Rate	0	Issue Date	2/1/1984	Paymnt Due Date	3/1/2004	
TotPrincipalAmt	\$42,975.00	TotInterestAmt	\$0.00	Total Issue	\$42,975.00	Total Outstanding	\$0.00	
PrincipalBalRe	\$0.00	InterestBalRemain	\$0.00	Reserve Earnings	\$0.00			
CountyNum	61	FundCod	03	PrincipalMOC	7700	602	IssueDescriptio	KLCFCA Jail Lease
IssueTerm	27	Interest Rate	0	Issue Date	2/15/1987	Paymnt Due Date	12/31/2003	10/1/2014
TotPrincipalAmt	\$551,095.33	TotInterestAmt	\$640,400.01	Total Issue	\$1,191,495.34	Total Outstanding	\$457,630.07	
PrincipalBalRe	\$329,838.29	InterestBalRemain	\$127,791.78	Reserve Earnings	\$0.00			
CountyNum	61	FundCod	02	PrincipalMOC	7700	602	IssueDescriptio	Caterpillar Financial - Grader
IssueTerm	3	Interest Rate	4	Issue Date	5/30/2002	Paymnt Due Date	10/30/2003	4/30/2005
TotPrincipalAmt	\$163,746.00	TotInterestAmt	\$12,399.40	Total Issue	\$176,145.40	Total Outstanding	\$63,608.70	
PrincipalBalRe	\$61,862.64	InterestBalRemain	\$1,746.06	Reserve Earnings	\$0.00			
CountyNum	61	FundCod	02	PrincipalMOC	7700	602	IssueDescriptio	John Deere Credit - Loader
IssueTerm	5	Interest Rate	3	Issue Date	4/10/2003	Paymnt Due Date	1/10/2004	3/10/2008
TotPrincipalAmt	\$118,300.00	TotInterestAmt	\$12,587.87	Total Issue	\$130,887.87	Total Outstanding	\$102,636.85	
PrincipalBalRe	\$94,541.16	InterestBalRemain	\$8,095.69	Reserve Earnings	\$0.00			

COUNTY	FY Begin Date	FY End Date	County Judge Executiv	County Treasurer
61 KNOX	4/1/2004	6/30/2004	RAYMOND C. SMITH	TAMMY WINE
FILING TYPE >>>	Date Submitted	System Date	Source	
4Q	6/30/2004	20040731 110120	FISUPL0	

Print This Record >>>>>>>>



CountyNum	Total Long Term Outstanding	Total Short Term Outstanding	Total Outstanding Debt
061	\$0.00	\$623,875.62	\$623,875.62

KNOX COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended June 30, 2004

KNOX COUNTY SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Fiscal Year Ended June 30, 2004

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses no opinion on the financial activity of Knox County, Kentucky.
2. Thirteen (13) reportable conditions relating to the internal control of the audit of the financial statements are reported in the Independent Auditor's Report.
3. Fourteen (14) instances of noncompliance material to the financial statements of Knox County were disclosed during the audit.
4. There were two (2) reportable conditions relating to the audit of the major federal awards programs reported in the Independent Auditor's Report.
5. The auditor's report on compliance for the audit of the major federal awards programs for Knox County expresses an adverse opinion.
6. There are four (4) audit findings relative to the major federal awards programs for Knox County reported in this schedule.
7. The programs tested as major programs were: U.S. Department of Homeland Security and U.S. Department of Transportation.
8. The threshold for distinguishing Type A and Type B programs was \$300,000.
9. Knox County was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

2004-01 The County Should Properly Maintain Personnel Records

During the testing of payroll where we tested ten timesheets, we found the following:

- one of the timesheets was not signed by the employee,
- three of the timesheets did not contain supervisor approval,
- on one of the timesheets tested there were two weekly totals computed incorrectly,
- and one of the employees reported eight hours of sick leave taken and had only 3.33 hours in accumulated sick leave.

In addition, auditors found no evidence of Fiscal Court approval for all salaries. According to KRS 337.320, every employer must keep a record of: (a) The amount paid each pay period to each employee; (b) the hours worked each day and each week by each employee; and (c) such other information as the secretary requires. KRS 64.530 requires the Fiscal Court to fix the compensation of every county officer and employee except the officers named in KRS 64.535 and the county attorney and jailer. We recommend the County comply with KRS 337.320 and KRS 64.530 by maintaining the required records approving all salaries.

County Judge/Executive Raymond C. Smith's Response:

Concur. Remedial actions taken include, modifying county payroll procedures to require signatures of all appropriate parties prior to generating payroll and replacement of the County Finance Officer. Copies of all W-2s are maintained by the County Finance Officer, as well as, records reflecting approval of salaries. Request additional information in order to prepare a detailed response to specific deficiencies noted in tests of payroll documents.

Most of the documentation specified in the 5/1/2006 response to our request for further information was made available to field audit personnel. We are sending completed documents via facsimile and US Mail. We are still looking Ms. Gambrel's [sic] Fiscal Court Action. We know it was brought before the Fiscal Court prior to her permanent employment; but may have escaped being recorded in the Minutes.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2004
(Continued)

2004-02 The County Should Ensure That The Same Level Of Health Insurance Benefits Are Provided
To All County Employees As Stated In Kentucky Attorney General Opinion (OAG) 94-15

During the testing of payroll, auditors noted that County employees are not receiving the same level of health insurance benefits. Some employees are receiving County-paid family coverage while others are paying for the extra cost for family coverage. During fiscal year ended June 30, 2004, the County paid as much as \$340 per month per employee for the additional costs of the family plan over the single plan. The County's Administrative Code states on page 34 that the County pays for an individual health insurance policy but does not add that certain individuals will receive the family benefit as well. OAG 94-15 states, "the basic statute providing for governmentally funded health coverage (KRS 79.080) for public employees does not provide for one level of coverage for officers, and another level for employees. Accordingly, we believe such differing coverage would not be lawful as not authorized by statute." We recommend that the County comply with the Administrative Code and provide the same level of benefits to all County employees. We further recommend that the Fiscal Court seek legal advice from the County Attorney as to the legality of not providing the same level of health insurance coverage for all employees as stated in OAG 94-15.

County Judge/Executive Raymond C. Smith's Response:

The comment is correct insofar as it is presented; however, after reviewing the 2002 Audit, we asked officials from GOLD and the Office of the Auditor of Public Accounts to explain how we can legally lower compensation after it has been set by the previous fiscal court in accordance with the provisions of KRS 64.527, 64.285 and 64.530(6), which precludes any reduction for the elected official and/or members of his/her staff during the term of office. We recently received a response from GOLD indicating that it may be addressed on or before the First Monday in May of 2006 when compensation is set for the next administration. Judge Smith is aware the insurance program is not consistent with the County's Administrative Code and has indicated that he is prepared to address the issue on or before May 1, 2006.

Furthermore, the referenced statutes are not consistent with each other and the Attorney General's Opinion cited does not address a policy that has been in place ever since the county afforded family health insurance coverage to its elected officials, key officials and department heads. In several instances health insurance coverage for spouses and the employee was the deciding factor in accepting the compensation packages offered.

KRS 79.080 does not specifically disallow varying programs for various classes of employees and even allows for family coverage. It is our opinion that counties are given great latitude under the Home Rule Statute (KRS 67.080(1a)).

Auditor's Reply:

The Auditor reasserts its position that providing one level of health insurance coverage for elected officials and key employees, while providing a lesser level of coverage to other County employees, is not authorized by law, and may be, as OAG 94-15 states, unconstitutional. Further, the Governor's Office for Local Development concurred that "benefits" are not included in "compensation" for the purposes of this comment.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2004
(Continued)

2004-03 The Jail Canteen Account Should Be Closed

During review of the canteen fund, auditor noted a balance of \$21,547 in the jail canteen bank account. Since the jail is not in operation as a full service jail, and the canteen funds are restricted to expenditures for the recreation or benefit of inmates, we recommend that the Knox County Attorney consult with the Department of Corrections to determine proper disbursement of the funds.

County Judge/Executive Raymond C. Smith's Response:

We concur wholeheartedly. We have requested a solution to the closeout of the account from the Union National Bank, Auditor of Public Accounts, Department of Corrections and Governor's Office for a method to close the account as the Jail was closed on June 2, 2003. On June 7, 2004, the County Judge/Executive requested an Attorney General's Opinion through Knox County Attorney, Charlie Greene Dixon, Jr. relating to the disposal of assets in the Knox County Jail Canteen Fund. To the best of our knowledge and opinion has never been issued. None of these agencies have been able to recommend a solution.

Auditor's Reply:

The Department of Corrections has advised that its staff is willing to assist Knox County.

2004-04 The County Should Improve Their Internal Control Procedures

The County has a lack of segregation of duties. Due to the entity's diversity of official operations, small size and budget restrictions, the County has limited options for establishing an adequate segregation of duties. We recommend the following procedures be implemented to strengthen this internal control weakness:

- An independent person should list all receipts and agree them back to the treasurer's receipts ledger. Also, the employee opening the mail should keep a listing of all checks received for that day, detailing the date received, the check amount, who it is from, and what the check is for.
- An independent person should open bank statements and review them for unusual items, such as debit memos, and overdraft charges. The person initialing the envelope or bank statement can document this.
- An independent person should review the treasurer's bank reconciliations for accuracy. The person completing this review should initial the bank reconciliation to document this.
- An employee independent of check writing and posting duties should match purchase orders to checks and invoices. The employee who signs the checks should cancel the purchase orders and invoices to ensure invoices are not paid twice.
- To have better internal controls, it is a best practice to keep the receipt of cash, the disbursement of cash, and the posting of cash to the ledgers delegated to separate individuals.
- Also, the County should implement stronger internal controls over the computer system. All transactions should be backed up daily on a disk and should be secured off-site.

We recommend the County implement these procedures. This will help segregate the duties of the County Treasurer.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2004
(Continued)

2004-04 The County Should Improve Their Internal Control Procedures

County Judge/Executive Raymond C. Smith's Response:

- a. *Pursuant to the provisions of KRS 68.020, the County Treasurer is the only person authorized to receive and disburse county funds. Execution of his comment would be a clear violation of the statutory obligations placed on the County Treasurer and would expose the county to greater financial risk. The fiscal court has increased the bond of the County Treasurer to more adequately reflect greater fiscal liabilities associated with the position.*
- b. *Bank statements are now reviewed by the County Treasurer and County Finance Officer, reconciled by hand and then reconciled with the computer. All statements have matched to the penny in each and every month. Computer records are attached to hand statements. A daily log of mail would be repetitious and a significant waste of time and effort. Statutory provisions regarding occupational tax receipts place additional restrictions on personnel who may view the information contained in returns.*
- c. *Bank statements are now reviewed by the County Treasurer and County Finance Officer, reconciled by hand and then reconciled with the computer.*
- d. *Jamie Gambrel was employed to match checks with purchase orders and invoices. It is our policy that all claims are paid from invoices. Tammy Mayes, County Finance Officer is then responsible for clearing the appropriate purchase order. It has been our observation that utilities pose a greater risk for duplication than general invoices.*
- e. *Please explain. This comment is a clear violation of KRS 68.020. Are you suggesting that we violate a statute intentionally?*
- f. *This comment is completely unfounded. The complete system back-up is performed on the county's computer system daily by the County Finance Officer and Treasurer. The County Finance Officer and Treasurer take the tapes home each working day to prevent the total loss of information stored on the system.*

Auditor's Reply:

It will not be a violation of law for the County Treasurer, with the assistance of other county personnel, to implement the procedures enumerated to strengthen internal controls. These procedures can be implemented at the same time the Treasurer fulfills his/her responsibilities under KRS 68.020. In addition, the Governor's Office for Local Development has recommended that the County Treasurer and his/her designee also be bonded.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2004
(Continued)

2004-05 The Fiscal Court Should Review The Administrative Code Annually As Required By
KRS 68.005(2)

The Fiscal Court did not review its Administrative Code during fiscal year ended June 30, 2004. KRS 68.005(2) requires the fiscal court to review the Administrative Code annually during the month of June and may by a two-thirds majority of the entire fiscal court amend the County Administrative Code at that time. The County Judge/Executive may at other times prepare and submit amendments to the code for approval by a majority of the fiscal court. We recommend the Fiscal Court comply with KRS 68.005(2).

County Judge/Executive Raymond C. Smith's Response:

We concur with reservations. Pursuant to the provisions of KRS 67.100, "The fiscal court is a court of record. Minutes of the proceedings of each meeting shall be prepared and submitted for approval at the next succeeding meeting. Every official action of the fiscal court shall be made a part of the permanent records of the county. The county budget ordinance shall be indexed so that each index list covers one (1) fiscal year and shall be listed in such index no later than thirty (30) days after passage and any required approval. County Ordinances other than the county budget ordinance shall be indexed in a composite index of all county ordinances in force, and shall be listed in the index no later than thirty (30) days after passage and any required approval. A copy of all records required by this section shall be kept in the office of the county clerk." We agree that any document acted on by the court should be included with the minutes and filed in the county clerk's office. We have noted that Ordinances, Budgets and other documents have not been filed in the county clerk's office for several years. I will consult with the Knox County Clerk to ensure future compliance with these provisions.

It should be noted that there has been a long-standing tradition in Knox County that the County Clerk declined to serve as the Clerk to the Fiscal Court (The Fiscal Court only allows \$50.00 per meeting to maintain the minutes of the Fiscal Court Meetings). This makes it necessary to solicit the services of an employee of the Fiscal Court to maintain the fiscal court's meeting minutes. Every Knox County Fiscal Court Clerk, including those acting in that capacity, have been duly presented and approved by the entire Fiscal Court in the same manner as the County Treasurer is selected. As Fiscal Court Clerk, the individual is responsible to the entire Fiscal Court and has been instructed accordingly.

We find no mention in the statutes requiring minutes or their components to be indexed.

We find no mention in your comments of a specific or material irregularity with regard to the minutes or the payment of claims approved by the court. During this administration, there has not been a single instance where a member of the Fiscal Court voiced a problem or the General Public regarding the manner in which the minutes are recorded or who records them.

Minutes are not signed or filed until they are approved at the next regularly scheduled meeting. In addition, audiotapes are maintained for each meeting of the Fiscal Court, to provide additional documentation that offers more than enough detail to accurately reflect the acts and intentions of the Fiscal Court.

Claims are paid from the list presented to the Fiscal Court which may be further verified by the Finance Officer, Treasurer and Deputy Judge/Executive. The recommendations made by your office will prove far more cumbersome and costly than necessary.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2004
(Continued)

2004-05 The Fiscal Court Should Review The Administrative Code Annually As Required By
KRS 68.005(2) (Continued)

County Judge/Executive Raymond C. Smith's Response: (Continued)

Your recommendation to index minutes and claims lists would easily cost as much as \$1,000.00 per meeting and require the services of a certified stenographer to record the minutes. We would like to discuss some other method of achieving a reasonable level of comfort for all concerned.

Auditor's Reply:

The County Judge/Executive's response, above, appears not to be responsive to the Comment and Recommendation preceding it. The Auditor, however, reiterates the recommendation that the Fiscal Court follow KRS 68.005(2) which requires an annual review of the County's Administrative Code. The statute does not require the Code to be amended annually. When the Fiscal Court does review the Code, the minutes should reflect the fact that Fiscal Court conducted the annual review in compliance with the statute.

2004-06 The Fiscal Court Minutes Should Be Complete, Adequately Maintained, And Filed In The
County Clerk's Office

During our review of the Fiscal Court minutes, we found that they were being prepared by an employee who works in the County Judge/Executive's office and that they were also being filed in the County Judge/Executive's office. Further review of the minutes revealed that the claims list (expenditures approved for payment) approved by the Fiscal Court was not attached to the Fiscal Court minutes. It was filed separately from the minutes, was not signed by members of the Fiscal Court, and therefore we could not verify that the members certified that the claims were approved for payment. In an effort to increase controls over the Fiscal Court minutes, we recommend the claims list be indexed, attached to the minutes, and filed in the County Clerk's office. The pages of the minutes and the claims list should be sequentially numbered and signed by all members of the Fiscal Court certifying that they are correct and complete.

County Judge/Executive Raymond C. Smith's Response:

You fail to cite anything more than an individual opinion in your comment. We find no mention in Kentucky Statute requiring more than one set of fiscal court minutes be maintained. Every Fiscal Court Clerk has been duly presented and approved by the entire Fiscal Court in the same manner as the County Treasurer is required. As Fiscal Court Clerk, the individual is responsible to the entire Fiscal Court and has been instructed in that manner. It has been a long-standing tradition in Knox County that the Knox County Clerk traditionally declines to serve as Clerk to the Fiscal Court (The Fiscal Court only allows \$50.00 per meeting to maintain the minutes of the Fiscal Court Meetings). This makes it necessary to solicit an employee of the Fiscal Court to maintain the Fiscal Court's Minutes. Furthermore, there is no mention in your comments of any irregularity with respect to the minutes or payment of approved claims. There has never been any problem voiced by a member of the Fiscal Court or the General Public with respect to the manner in which the minutes are kept. Minutes are not signed until approval at a subsequent meeting. Voice tapes are maintained for each meeting of the Fiscal Court, as further documentation to provide for more than enough detail to accurately reflect the acts and intentions of the Fiscal Court. Claims are paid from the list presented to the Fiscal Court which may be further verified by the Finance Officer, Treasurer and Deputy Judge/Executive. The recommendations made by your office will prove far more cumbersome and expensive than any measure taken by any entity of Government. Your recommendations would easily cost as much as \$1,000.00 per meeting and require a legal stenographer to take minutes.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2004
(Continued)

2004-06 Fiscal Court Minutes Should Be Complete, Adequately Maintained, And Filed In The County Clerk's Office (Continued)

Auditor's Reply:

The recommended actions are simple and should not cause the County any additional burden or cost. First, the Fiscal Court minutes and all other records documenting the official actions of the Fiscal Court should be maintained by the County Clerk and kept in the office of the County Clerk, as required by KRS 67.100, and as done in other counties. Second, the County Clerk's records are already indexed in the normal course of business.

2004-07 FEMA Monies Should Be Transferred To The Road Fund

During fiscal year ended June 30, 2004, a wire transfer for \$4,974.60 was deposited into the Stinking Creek Fund in error. Since this is restricted FEMA money, the above amount should be transferred to the Road Fund. We recommend the County Treasurer transfer \$4,974.60 from the Stinking Creek Fund to the Road Fund to correct this error. We have made an adjusting entry on the financial statements.

County Judge/Executive Raymond C. Smith's Response:

Concur with reservation. The county maintains a separate FEMA Fund. The funds in question were deposited into the wrong account as a result of a bank error. \$4,794.60 was transferred to the Road Fund on April 12, 2006 (LGEDF check number 1011 attached).

2004-08 The County Should Make Lease Payments In Accordance With Lease Schedule To Avoid Late Payment Charges

During the review and testing of the County's leases, we found that the County did not comply with the terms of the lease-purchase agreements with Caterpillar Financial Services and John Deere. The terms require the County to make monthly payments to these companies. During the fiscal year, the County skipped a total of three (3) payments to these companies and was late on some of the payments that were made. As a result of this, Caterpillar Financial Services charged Knox County Fiscal Court \$734 in late charges. Late payment charges are not a good use of public funds and should be avoided. We recommend the County comply with terms of the lease-purchase agreements by making payments in accordance with the payment schedule to avoid late payment charges.

County Judge/Executive Raymond C. Smith's Response:

Concur. The late payment charges were not discovered until late in 2003 and that monthly payments required fiscal court approval. Since that time, Caterpillar Financial has been paid off and all equipment lease payments are included in a standing order approved by the fiscal court and payments have been transferred to the LGEA Fund beginning in FY 2006. There has not been a late payment on a lease since that time.

2004-09 The County Should Have Better Control Over Voided Checks

During the review of invoices auditor noted that several voided checks with signatures were included in the files. We recommend that the County adopt a policy to have better control over voided checks by detaching the signatures before filing to prevent misuse.

County Judge/Executive Raymond C. Smith's Response:

Concur. The situation was corrected during the course of audit field work.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2004
(Continued)

2004-10 The County Should Maintain Documentation For Credit Card Purchases To Assure All
Charges Are For Official Purposes

Auditors chose twenty (20) credit card statements to test for a total of \$28,594 in charges. Of the twenty (20) statements auditor noted:

- eleven (11) finance charges totaling \$114
- twenty-nine (29) transactions totaling \$5,955 did not have a copy of the invoice
- seven (7) no-show charges from hotels totaling \$949
- and seventy-six (76) receipts totaling \$26,365 did not have a signature of the employee using the credit card

Some of the items purchased without an employee's signature or receipts are:

- hotel charges totaling \$2,300 - receipts were not available for \$795 and no employee signature for \$1,505
- Lowe's - no receipt for \$92; employee did not sign receipt for \$227
- restaurants - employees did not sign receipt for \$50; no receipt available for \$45
- office supplies totaling \$1,151 - no receipts
- carpet totaling 1,087 - no receipts
- security camera totaling \$1,340 - no receipts

Auditor also noted that the Judge's credit card had a credit limit of \$10,000 while the others tested had credit limits of \$250. When the purchase was over the \$250 limit and the employee did not use the Judge's credit card they would use several credit cards to cover the total purchase, a practice which eliminates control over large credit card charges. The payment of late charges are not a good use of public funds. We also noted that the former County Judge/Executive's name continues to be printed on the statements. We recommend that the Fiscal Court apply best practices when exercising its fiduciary responsibility to act as agents of the public trust. We also recommend that the Fiscal Court have more control of credit card usage and require documentation of the individual using the card and for what reason. Also, the credit card company should be notified to change the County Judge/Executive's name. The following procedures should be implemented immediately to strengthen internal controls over credit card use:

- No County employee should use another employee's credit card for any reason.
- All receipts for credit card transactions should be attached to the statement and filed for preparation of the claims list.
- Once the statement is received and all receipts related to that statement are attached to the credit card statement, a detailed list of transactions should be included on the claims list presented to the Fiscal Court for approval.
- In addition, we recommend the County Attorney review these expenditures to determine whether all purchases were for official business for the credit card purchases noted above.

County Judge/Executive Raymond C. Smith's Response:

Concur with reservation. We have determined that charges contained in the comment were for official purposes only. The number of credit cards available for public use will be reduced or eliminated. For any remaining credit cards, the procedures identified in this comment will be implemented immediately. We invite anyone to examine the purchases.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2004
(Continued)

2004-11 The County Should Maintain Complete And Accurate Capital Asset Schedules To Comply
With GASB 34 Requirements

The County completed the capital asset schedules for fiscal year 2004. However, these schedules were not all-inclusive. Auditors found additional assets that had to be added to the County's schedules. Also, these schedules had many errors and omissions. Depreciation amounts were not calculated correctly for certain assets and historical costs were not included for all assets. The number of years owned was not included for all assets or was in error. We have included a few examples of the many errors that we found on the County's schedules. For example, Roads and Bridges were not included on the County's capital asset schedule; however, the value as of June 30, 2004, was \$1,550,649. The historical value of land was undervalued by \$700,000 and buildings were undervalued by \$5,537,400. Without accurate records the County may not be maintaining adequate insurance coverage. We recommend the County maintain complete and accurate capital assets schedules, which will meet GASB #34 requirements.

County Judge/Executive Raymond C. Smith's Response:

Concur with reservation. Bonnie Garland was employed to maintain the county's capital asset schedule. It was her first year and she presented the information to the best of her ability despite the fact that nobody in the Auditor of Public Accounts Office had given her any instruction. Unfortunately, most of the capital assets owned by the county were acquired by previous administrations and adequate records were not available to capture the total assets of the county. We take exception to the fact that an employee of the Office of Public Accounts [sic] was unable to operate the program given us by the Auditors Office. Ms. Garland spent a number of hours and finally got the program to work after audit personnel were unable to. Audit personnel unilaterally devalued a number of assets that were replaced through insurance losses and did not take into account that fiscal court sets the depreciation schedule, not the Auditor of Public Accounts. A complete inventory of county property was conducted in the Spring of 2003 and was accurate and complete at that time. Adequate insurance coverage has never been an issue. It should also be noted that Knox County has undertaken an extensive inventory of all road assets and the audit personnel were informed that despite our strong encouragement, the information has yet to be returned by the Kentucky Department of Highways.

Auditor's Reply:

The Auditor of Public Accounts (APA) conducted workshops for counties to provide GASB 34 capital asset training. Sixteen of these workshops were conducted in 2002, two in 2003, and one in 2004. Of these, only one was attended by former Knox County Treasurer, Wanda Moore. Additionally, the APA offers ongoing assistance to anyone who calls from a county regarding GASB 34 implementation. No such requests for assistance have been made by Knox County. Also available since late 2003, to any local government, is extensive GASB 34 implementation information on the APA website.

Furthermore, audit personnel often make audit adjustments when they find that errors have been made in a County's depreciation schedule. This should not be confused with the County's responsibility for valuing assets appropriately which is a management function, but which must be handled within the guidelines of generally accepted accounting principles.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2004
(Continued)

2004-12 The County's Supporting Documentation For Asphalt Expenditures Totaling \$475,121 Was
Incomplete

The County's supporting documentation for asphalt expenditures totaling \$475,121 was incomplete. Asphalt purchases totaled \$479,066 during fiscal year ended June 30, 2004. During the audit, we discovered that weight tickets did not properly support \$475,121 of the invoices paid for asphalt purchases. Weight tickets document that the product was received for County operations since it itemizes the day, location, the receiver, and quantity of asphalt received. Therefore, it is required that supporting documentation be maintained for asphalt purchases. In an effort to strengthen internal controls over disbursements, we recommend that the County maintain weight tickets for all asphalt expenditures. Furthermore, the County employees should sign weight tickets as evidence that the product was actually received and used for County operations.

County Judge/Executive Raymond C. Smith's Response:

Concur with reservations. We have no doubt the charges were appropriate; however; in the future, the County Road Supervisor will appoint an individual to remain with the contractor to insure that all weight tickets are captured and reconciled.

2004-13 The County Should Maintain Supporting Documentation For Expenditures, Pay Invoices
Timely, and Comply With Bidding Requirements

During our testing of expenditures, we found that some invoices were missing from County files and that the County did not pay for all goods and services timely. The test also revealed that the County did not comply with state and County bid requirements. Our test sample of sixty (60) expenditures revealed the following:

- Two (2) of the invoices were not paid within thirty (30) days.

Other tests of disbursements performed revealed the following:

- Nineteen (19) invoices selected were not paid within thirty (30) days
- One invoice appeared to have been paid twice
- Late charges totaling \$1,713 were paid

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2004
(Continued)

2004-13 The County Should Maintain Supporting Documentation For Expenditures, Pay Invoices Timely, and Comply With Bidding Requirements (Continued)

The "Uniform System of Accounts" as stipulated by the Governor's Office for Local Development (GOLD) requires counties to maintain adequate supporting documentation for all county expenditures. Furthermore, KRS 65.140 requires any county purchaser that receives goods or services to pay for those goods and services within thirty (30) working days of receipt of a vendor's invoice. Pursuant to KRS 424.260 except where a statute specifically fixes a larger sum as the minimum for a requirement of advertisement for bids, no city, county, or district, or board or commission of a city or county, or sheriff or county clerk, may make a contract, lease, or other agreement for materials, supplies except perishable meat, fish, and vegetables, equipment, or for contractual services other than professional, involving an expenditure of more than twenty thousand dollars (\$20,000) without first making newspaper advertisement for bids. According to the County's Administrative Code, the negotiated process may be used instead of advertisement for bids if the amount exceeds \$20,000 in the following circumstances: (1) an emergency exists and 2) all bids received exceed the amount budgeted. We recommend that the County comply with these requirements by maintaining supporting documentation for all expenditures, paying invoices timely, and bidding and/or following the County's Administrative Code for expenditures in excess of \$20,000, in the future.

County Judge/Executive Raymond C. Smith's Response:

Request additional information to prepare a response.

Wyatt, Tarrant and Combs agreed when they were retained to accept payment of legal fees as funds permitted. Many of the legal fees were associated with the foreclosure of the Knox County Hospital and funds were not available until bonds were sold.

2004-14 The County Should Properly Prepare A Schedule Of Expenditures Of Federal Awards

The County Treasurer did not properly prepare the Schedule of Expenditures of Federal Awards for fiscal year ended June 30, 2004 in accordance with OMB Circular A-133. The worksheet provided to us indicated the County had spent a total of \$1,149,579 in federal funds, while the corrected worksheet reflected \$1,034,983 in federal expenditures. During fiscal year ended June 30, 2004, a single audit was required if federal expenditures equaled or exceeded \$500,000.

OMB Circular A-133 Audits of States, Local Governments and Non-Profit Organizations, section 310(B) requires the auditee to prepare a schedule of expenditures of federal awards covered by the auditee's financial statements. At a minimum, the schedule should include the following, if applicable:

- List individual Federal programs by Federal Agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For Research & Development, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For Example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- Provide total Federal awards expended for each individual Federal program and the Catalogue of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.
- Include notes that describe the significant accounting policies used in preparing the schedule.
- To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2004
(Continued)

2004-14 The County Should Properly Prepare A Schedule Of Expenditures Of Federal Awards
 (Continued)

- Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule.

In the future, we recommend the County properly prepare the Schedule of Expenditures of Federal Awards and provide supporting documentation for amounts reported.

County Judge/Executive Raymond C. Smith's Response:

The situation is duly noted and we concur with comments. Since that time the Knox County Treasurer has made the necessary corrections. To the former Treasurer's credit, federal funds are often passed through the state and did not include the necessary information to determine whether the funds were state or federal. Since then, we have established a policy to provide the Treasurer with the necessary documents to track federal funds.

2004-15 County Payments Totaling \$52,201 To Companies Were Either Cashed Or Deposited Into Bank Accounts Of Companies In Which Relatives Of The Knox County Judge/Executive Serve As Officers

During fiscal year ended June 30, 2004, disbursements totaling \$52,201 were made by the County with county checks to a trucking company and to a construction company for road related obligations totaling \$40,751, and one federal obligation totaling \$11,450. We have determined that the payments made to these companies were either cashed or deposited into bank accounts of other companies in which the relatives of the Knox County Judge/ Executive serve as officers. Because we found checks that were either cashed or deposited into bank accounts other than the payee trucking and construction companies, we performed additional procedures and discovered that the Knox County Judge/ Executive's relatives are officers of the other companies listed in the checks' endorsements. The County Judge/Executive did not disclose any type of relationship with either the trucking or the construction company in his signed financial disclosure statement filed with the ethics commission or his signed related party questionnaire obtained as part of our audit.

The above transactions may involve questionable banking practices relating to the depositing and cashing of checks by individuals other than the intended payee. The County Treasurer should obtain fronts and backs of all cancelled checks and review the endorsements. Any endorsements other than that of the intended payee should be referred to the Fiscal Court, which should seek legal advice from the County Attorney as to the appropriateness.

We recommend the County follow its Ethics Code. Any possible violations should be reported to the Cumberland Valley Regional Board of Ethics. The County Attorney should follow up on any findings by the Board of Ethics and implement recommendations made.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2004
(Continued)

2004-15 County Payments Totaling \$52,201 To Companies Were Either Cashed Or Deposited Into Bank Accounts Of Companies In Which Relatives Of The Knox County Judge/Executive Serve As Officers (Continued)

County Judge/Executive Raymond C. Smith's Response:

I am explaining the trucking company by asking that the attached item # 13 letter of the 2003 audit be reviewed as part of the explanation of why the trucking company was used in 2004 and for the reasons that the checks were endorsed, deposited, and cashed by my family's business. The trucking company was still hauling coal and the coal company had started shipping coal from Middlesboro, Kentucky in Bell County to Gatliff Coal in Whitley County and the trucks were hauling right past the gravel quarry. The truck was returning empty back to Barbourville, Kentucky at the end of each day. The trucking company agreed to charge only \$1.00 per ton haul bill for the back haul load, and that was \$.50 per ton cheaper than the quarry was charging the county (\$1.50 per ton). The trucking company only hauled one load a day and not every day and that is why the total monies paid to the trucking company were so low. The quarry was a little mad over the replacement cost penalty that I had written into the new contract and were not shipping the county all the rock on a timely basis. The quarry had received the haul contract by bidding for the gravel and hauling contracts that fiscal year – July 1, 2004 through June 30, 2005). The Fiscal Court voted to accept all trucking bids just for this reason. The bid was awarded to all the bidders as long as the trucks would agree to haul for the same price or less than the quarry. Several of the trucking bids were for the same prices as the quarry had bid. So, the Fiscal Court as to not make any bidder (voters) mad, voted to accept all of the bids with the stipulation that they would haul for the same price or less than the quarry bid! By my actions to allow a second trucking company to fill in and pick up the slack on delivery by the quarry, the quarry quickly saw that I was not going to play games on the trucking either. They started delivering the county gravel in a prompt and proficient manner. The quarry and I came to a mutual understanding of what was acceptable business practices and the gravel supply problems were solved and have remained so! Note – my family owned trucks hauled some of the gravel also and the county as before was never charged for this gravel trucking bill. The magistrates were and are very much aware that this happened. I have forever fixed the trucking problem by purchasing the county their own new mack trucks and the county does it's own gravel hauling with their own trucks, fuel, and labor, which saves the county a great deal of money and prevents any one from profiting from the county gravel business!

The county also sells and replaces the haul trucks every year. I negotiated a guarantee buy back and performance availability contract with the truck manufacturing company. This is a practice which I brought from the private business sector. The company agrees to pay the county a minimum of 90% of the purchase price and 95% availability use of the trucks. The first year of this contract, which is the first used for county government in the state of Kentucky, Knox County sold its one year old trucks and even after taking the sale bill out, made the county over \$12,000.00 more than we paid for the trucks. This was after using them for a year and virtually costing the county no maintenance.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2004
(Continued)

2004-15 County Payments Totaling \$52,201 To Companies Were Either Cashed Or Deposited Into Bank Accounts Of Companies In Which Relatives Of The Knox County Judge/Executive Serve As Officers (Continued)

The construction company began doing business with the county in fiscal year 2004 (June 30, 2003 through July 1, 2004) only after winning the contract to supply construction work to the county on an hourly basis. The contract is what the county had used for the past 12 years and lists equipment by name brand, size and by hourly rate to include fuel and operator. This service is used only to provide extra equipment in time of emergency when the county does not have a sufficient amount of equipment, type of equipment, or personnel to complete the amount or type of work in a reasonable time frame to restore public service of roadways. I had gone out and asked several different construction companies to bid on the county hourly business during the 2004 fiscal year. I had done this because the "one" construction company had been the only company to perform work for the county in the past four years and had been doing a horrible job in both performance and price (# of hours) turned in to accomplish the work. I asked a friend, which had a good background in construction, to turn in a bid. He turned in a bid, which was opened in public during an open fiscal court meeting. The bid was opened at the same publicly announced time and meeting that all of the yearly bids were opened and they had submitted the lowest price per hour on the specified equipment. The construction company was new and only had bid because of my solicitation and had not wished to open a checking account not knowing if they would truly get any work or not! The Fiscal Court voted to accept all submitted construction by the hour bids in order to not make any one company mad! This was fine with me because this allowed me to prove my point of allowing both companies to do the same type of work, in order to have an example of both number of hours it took to complete the identical work and to have a physical display of the poorly performed work by the "one" construction company. I used the old example of "a picture is worth a thousand words." The three magistrates that "completely" support the use of only the "one" construction company allowed me to use the construction company mentioned in this audit item only at the end of fiscal year 2004 and only to do a small amount of work as to not make the dominant "one" construction company mad, but it was enough for me to prove a point. The construction company mentioned in this audit item did use my family owned business to cash its checks, only because it did not wish to operate as a full blown company, seeing that he had gone virtually all of fiscal year 2004 without doing very much work. This is evident from the small dollar amount paid to the company by the county. I asked my family to cash his checks and guarantee his purchases and labor bills in order to get him to bid. I was prevented from using him by the threat from the three magistrates. By me allowing the massive bulk of work to continue to go to the "one" construction company, it allowed me to also get the court to vote to accept all construction bids for the fiscal year 2005. I wished to use a different construction company in order to actually get the quality of work and the county could get the amount of work it was paying for. This action was accomplished in fiscal year 2005. This action resulted in an all out war within the Fiscal Court, which bears itself out in the Fiscal Court meeting taped recordings. I also feel that by me taking the construction away from the "one" construction company, this wonderfully, over-inflated audit occurred! I will fight fire with fire in order to prove a point and stop corruption as soon as it is discovered.

Bottom Line:

No laws were broken

There were no violations of the Knox County Ethics Code

Opened up construction work to everyone and tried to display corruption in Fiscal Court with the "one" construction company.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2004
(Continued)

2004-15 County Payments Totaling \$52,201 To Companies Were Either Cashed Or Deposited Into Bank Accounts Of Companies In Which Relatives Of The Knox County Judge/Executive Serve As Officers (Continued)

Auditor's Reply:

Attached in Appendix A is a spreadsheet and examples of the types of transactions that generated this comment.

2004-16 Knox County Should Properly Monitor State Transportation Bridge Grants And Should Require Adequate Documentation For Project Costs

Knox County did not properly monitor state transportation bridge grants and failed to require contractor to submit itemized invoices for grant expenditures totaling \$609,042. During fiscal year ending June 30, 2004, the County entered into four different contracts with the Kentucky Transportation Cabinet for the purpose of building various bridges. During the audit, we found that supporting documentation maintained for these grants was not adequate since the invoices did not itemize labor, equipment and material costs associated with the project. The following is a breakdown of grant expenditures according to project that did not have adequate supporting documentation:

<u>Bridge Project</u>	<u>Expenditures During FYE 6-30-04</u>
California Hollow	\$ 190,626
Little Brush Creek	121,635
Scott Hollow	185,875
Little Brush Creek	<u>110,906</u>
Total	<u>\$ 609,042</u>

According to the terms of the contract agreement executed between the County and Kentucky Transportation Cabinet, the County must maintain for a period of three years all records of materials, equipment and labor costs involved in the performance of the project. Therefore, we recommend that the County require contractors to submit itemized invoices reflecting actual costs billed to the projects. We also recommend that the County implement procedures to ensure that the project is properly monitored for compliance with the terms of the grant agreement.

County Judge/Executive Raymond C. Smith's Response:

Concur. Future requests for funding will include on-site inspection services by appropriate personnel.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2004
(Continued)

2004-17 The Knox County Fiscal Court Did Not Properly Bid Expenditures For Federal FEMA Funds Resulting In Questioned Costs of \$109,452

The Knox County Fiscal Court did not properly bid expenditures totaling \$109,452 during fiscal year ended June 30, 2004. The total approved project amount for two projects relating to disaster 1454 requiring bids was \$71,264. Of this amount, \$53,448 represents the federal portion of the grant expenditures. Additionally, the total approved project amount for two projects relating to disaster 1475 was \$74,673. Of this amount, \$56,004 represents the federal portion of the grant expenditures. During the audit, we found that expenditures far exceeded \$20,000 and were not competitively bid. According to the terms of the grant agreement, the applicant agrees to comply with all applicable provisions of federal and state laws and regulations in regard to procurement of goods and services and to contracts for repair or restoration of public facilities. Pursuant to KRS 424.260 except where a statute specifically fixes a larger sum as the minimum for a requirement of advertisement for bids, no city, county, or district, or board or commission of a city or county, or sheriff or county clerk, may make a contract, lease, or other agreement for materials, supplies except perishable meat, fish, and vegetables, equipment, or for contractual services other than professional, involving an expenditure of more than twenty thousand dollars (\$20,000) without first making newspaper advertisement for bids. According to the County's Administrative Code, the negotiated process may be used instead of advertisement for bids if the amount exceeds \$20,000 in the following circumstances: (1) an emergency exists and (2) all bids received exceed the amount budgeted. Thus, we found that the prerequisite to use the negotiated process for contract labor was not met due to the time lapse between the date the disaster was declared and the date services were procured. Therefore, we recommend that the County adhere to all applicable laws and regulations regarding competitive bid requirements.

County Judge/Executive Raymond C. Smith's Response:

Disagree. The County Judge/Executive authorized work under the provisions of KRS 39B.070.

Auditor's Reply:

While the County Judge/Executive does have certain authority in an emergency situation, this work was contracted a year after the described emergency and did not appear to be procured for an emergent situation. KRS 39B.070 would not be applicable, as this does not appear to be an emergency situation.

2004-18 Knox County Fiscal Court Has Questioned Costs of \$107,952 of Federal Transportation Grant Due To Failure To Comply With Proper Bidding Requirements

During our testing, we discovered that expenditures totaling \$107,952 were not paid at the price stated within the state bid master agreement. As stated on the vendor's invoice, these expenditures consisted of a \$20,000 lump sum payment for tile equipment; a \$76,192 lump sum payment for clearing and grubbing equipment and an \$11,760 lump sum payment for silt fence equipment. On February 10, 2004 the Knox County Fiscal Court entered into an agreement with a contractor relating to the construction of an access road at the Tri-County Industrial Park. The agreement stated that the contractor was currently under contract with the Commonwealth of Kentucky under Master Agreement No. M-02430019 and Master Agreement No. M-02449774 for the utilization of excavating and equipment operators at a specified hourly rate. Additionally, the provisions contained within those master agreements allow the extension of those services to counties of the Commonwealth.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2004
(Continued)

2004-18 Knox County Fiscal Court Has Questioned Costs of \$107,952 of Federal Transportation Grant Due To Failure To Comply With Proper Bidding Requirements (Continued)

We found that none of the \$107,952 lump sum payments were within the specified rates included in the master agreements. Therefore, the Fiscal Court has questioned costs totaling \$107,952 for failure to pay in accordance with the specified rates included in the master agreements. As a result of this, the County did not comply with KRS 424.260, which requires counties to advertise for bid goods or services that equal or exceed \$20,000. According to the County's Administrative Code, the negotiated process may be used instead of advertisement for bids if the amount exceeds \$20,000 in the following circumstances: (1) an emergency exists and 2) all bids received exceed the amount budgeted. Neither of these circumstances applied to this project, which resulted in the County not complying with the Administrative Code. Therefore, we recommend that the County adhere to all applicable county, state, and federal laws and regulations regarding competitive bid requirements.

County Judge/Executive Raymond C. Smith's Response:

Concur with reservation. Equipment utilized in the project was bid in June of 2003. The contractor, M&D Construction was the apparent low bidder and was the only Knox County General Contractor certified by the state at that time. In addition, the Kentucky Department of Highways was aware of how the project was awarded and had no problems with it. The Knox County Treasurer is recalculating all invoices associated with the project and we will invoice the contractor for any and all over-charges.

2004-19 Knox County Should Properly Monitor Federal Transportation Grants And Should Require Adequate Documentation For Project Costs

Knox County did not properly monitor the Tri County Industrial Park grant activity and failed to require contractor to submit itemized invoices for grant expenditures totaling \$324,602. On January 15, 2004, the County entered into a contract with the Kentucky Transportation Cabinet for the purpose of constructing an industrial access road. During the audit, we found that supporting documentation maintained for these grants was not adequate since the invoices did not itemize actual labor and equipment costs associated with the project or the billing time periods. Specifically, we found that invoices were prepared based on estimated amounts rather than actual costs. We also found that no written certifications verifying that the work was adequately performed were conducted. According to the terms of the contract agreement executed between the County and Kentucky Transportation Cabinet, the County is required to maintain for a period of three years all records of materials, equipment and labor costs involved in the performance of the project including certification that the work was accomplished on a publicly maintained facility. Therefore, we recommend that the County require contractors to submit itemized invoices reflecting actual costs billed to the projects. We also recommend that the County implement procedures to ensure that the project is properly monitored for compliance with the terms of the grant agreement.

County Judge/Executive Raymond C. Smith's Response:

Concur. Future contracts will require an on-site inspector to verify quantities and approve all requests for payment.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2004
(Continued)

2004-20 The County Should Ensure That All Required Individuals File A Financial Disclosure Statement

During our review of financial disclosure statements, we discovered that several required elected officials, appointed officers and employees did not file a financial disclosure with the Cumberland Valley Regional Board of Ethics. This includes the following individuals:

- County Coroner
- Constables
- Chief Deputies
- Department Heads

Under the authority of KRS Chapter 65, Knox County Fiscal Court enacted an ordinance establishing a code of ethics to guide the conduct of elected and appointed officers and employees of the county. According to the ethics code adopted by the County, the following individuals are required to file a financial disclosure statement:

1. Elected officers;
2. Candidates for elected office;
3. Commission or Board appointees, appointed and/or approved by the Knox Fiscal Court that receive any compensation for such appointment; and
4. Chief deputies, and department heads (e.g. Ambulance Director, Road Supervisor, Assistant and Deputy Judge/Executive)

The financial disclosure statements required by the county's ethics code must be filed with Cumberland Valley Regional Board of Ethics no later than March 1, at 3:00 p.m. each year for compensated board appointees and all elected county officials and within 21 days after the filing date for candidates for county offices or their date of nomination whichever shall first occur. Any financial disclosure statement filed after this date is delinquent. We recommend the County follow its Ethics Code. Any possible violations should be reported to the Cumberland Valley Regional Board of Ethics. The County Attorney should follow up on any findings by the Ethics Commission and implement recommendations made.

County Judge/Executive Raymond C. Smith's Response:

Concur. We have requested the Cumberland Valley Regional Board of Ethics provide us with an inventory of the Financial Disclosure Forms received from Knox County and will pursue completion from all who have not complied.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2004
(Continued)

2004-21 The County Should Obtain Refund For Federal Excise Tax Paid In Error

During the course of the audit, we determined that the County did not properly review invoices for petroleum products to ensure that federal excise tax refunds were properly claimed. Because of billing issues described below, there is a potential that the County is due a refund for federal excise taxes paid on gasoline purchased at retail pumps during fiscal year ended June 30, 2004. As a political subdivision of a state, the County qualifies for the nontaxable use of gasoline. The purpose of Internal Revenue Service Form 8849, Claim For Refund of Excise Taxes, is to claim certain fuel related refunds such as nontaxable uses or sales of fuels. Claimants must file Form 8849 within three years following the close of the fiscal year. This would allow the County to also claim refunds for nontaxable uses or sales of fuels during the preceding two fiscal years. As a result, the County could potentially be due a significant refund because of the quantity of gasoline purchased. Therefore, we recommend the County refer to the guidelines set forth in Internal Revenue Service Form 8849, Claim For Refund of Excise Taxes in determining the amount of any refund that may be due to the County. The County should also confer with the vendors to determine the types of purchases for which federal excise taxes were paid and to determine the amount of any credits already taken. We recommend the County pursue a refund immediately due to time constraints for filing the refund claim.

County Judge/Executive Raymond C. Smith's Response:

Concur. We are contacting the respective vendors to complete IRS Form 8849 on our behalf, as their bid(s) were to exclude the federal excise tax on fuel.

2004-22 The County Treasurer Should Deposit Cashier's Checks Received From Gas And Oil Companies Into An Escrow Account In Order To Minimize Risk To County

We determined during the course of our audit that the County sometimes receives cashier's checks from gas and oil companies working in the County. These checks are received in lieu of performance bonds in case these companies damage county property during the course of their work. When the County receives these checks, they place them in their safe deposit box at the bank. If there is no damage to county property, the checks are returned to the companies at the conclusion of their work. We recommend that the County Treasurer deposit these checks into an escrow account at the bank rather than storing them in a safe deposit box. The funds can then be returned to the companies at the conclusion of their work. This will provide an accountability for the funds received and disbursed by the county, provide an audit trail, and assure the security of funds.

County Judge/Executive Raymond C. Smith's Response:

Disagree. The method Knox County uses to secure itself from damages arising from gas and oil companies has worked extremely well and helps to encourage gas and oil exploration by not requiring the additional cost of performance bonds. At the same time, a cashier's check represents an absolute assurance that Knox County will not be adversely affected by companies utilizing Knox County road rights-of-way for gas line installation. If, Knox County were to deposit these funds in an escrow account, legal action would be required to access the funds if they are required to finance repairs to county roads. That would add additional cost to the county. Furthermore, we find nothing in the statutes preventing Knox County's acceptance of cashier's checks in lieu of performance bonds. Until the checks are cashed they are not considered an asset of the county. Request the Auditor of Public Account provide another solution to provide for accountability.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2004
(Continued)

2004-22 The County Treasurer Should Deposit Cashier's Checks Received From Gas And Oil Companies Into An Escrow Account In Order To Minimize Risk To County (Continued)

Auditor's Reply:

The Auditor did not comment that the County violated statute, only that there is a better and safer way to secure cashier's checks. We reaffirm our recommendation to deposit the checks in an escrow account at a bank rather than storing them in a safe deposit box.

2004-23 The County Should Adhere To Competitive Bid Regulations

Knox County failed to comply with state and local bid laws relating to contract haulers. We noted that the County let bids for contract haulers. However, rather than awarding the bid to one successful bidder, the County made a motion accepting all bids for contract haulers. KRS 424.260 states that bids for materials, supplies, equipment, or services must be obtained for expenditure of more than twenty thousand dollars. Furthermore, the County's Administrative Code sets out the procedures for the vendor and contract selection process and the prerequisites for the negotiated process. According to the County's Administrative Code, the negotiated process may be used instead of advertisement for bids if the amount exceeds \$20,000 in the following circumstances: (1) an emergency exists and 2) all bids received exceed the amount budgeted. Thus, we found that the prerequisite to use the negotiated process for contract haulers was not met. The competitive bid process ensures that the county procures goods and services at the best overall value and ensures that bidders receive a fair and equal opportunity to conduct business with the county. Therefore, we recommend that the County adhere to all applicable laws and regulations regarding competitive bid requirements

County Judge/Executive Raymond C. Smith's Response:

Concur with reservation. During this administration, Knox County has instituted formal procedures to solicit bids for all known services, products and equipment required by the county prior to the start of a new fiscal year. Occasionally, Knox County has purchased goods and/or services under the emergency powers of the County Judge/Executive as prescribed by KRS 39B.070.

PRIOR YEAR FINDINGS:

- 2003-01 The County Should Follow Proper Payroll Procedures
- 2003-02 The Fiscal Court Should Properly Prepare A Schedule Of Expenditures of Federal Awards
- 2003-03 The County Should Ensure That The Same Level Of Health Insurance Benefits Are Provided To All County Employees As Stated In Kentucky Attorney General Opinion (OAG) 94-15
- 2003-06 The County Should Improve Their Internal Control Procedures
- 2003-09 The Fiscal Court Minutes Should Be Complete, Adequately Maintained, And Filed In The County Clerk's Office
- 2003-10 The Fiscal Court Should Review The Administrative Code Annually As Required By KRS 68.005(2)
- 2003-11 Payments Totaling \$30,481 To A Company Were Deposited Into A Bank Account Of A Company In Which Relatives Of The Knox County Judge/Executive Serve As Officers
- 2003-12 The County Should Pay Invoices Timely
- 2003-13 Fiscal Court Should Take Corrective Actions Regarding Prior Year Comments

KNOX COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 2004

rg.1.12.

Attachment F

03-04

Knox COUNTY
FEDERAL MONIES WORKSHEET

1	2	3	4	5	6	7	8	9
Name of Federal Agency or Department	CFDA Number	Name of Program	Name of Grant	Grant I.D. No.	Award Amount Received	Total Award Amounts Received Per CFDA Number	Award Amount Expended	Total Awards Expended Per CFDA Number
Homeland Security			WMD 03	M-03138124	27,046.00		27,046.00	
			WMD 03 II	M-03254738	67,287.71		67,287.71	
						94,333.63		94,333.71
Sub Total Per CFDA Number								
FEMA			2003 CERT	M-03432646	5,750.00		0.00	
			CERT		9,610.00		5,010.41	
						15,360.00		5,010.41
Sub Total Per CFDA Number								
USEPA			Corbin Bypass Sewer Line	XP-974872030	43,220.00		0.00	
						43,220.00		0.00
								0.00
Per CFDA Number								

County Judge's Initials: RCS
County Treasurer's Initials: Tammy Wine
Date: 4-15-05 6-23-05 01-11-06

1 Name of Federal Agency or Department	2 CFDA Number	3 Name of Program	4 Name of Grant	5 Grant I.D. No.	6 Award Amount Received	7 Total Award Amounts Received Per CFDA Number	8 Award Amount Expended	9 Total Awards Expended Per CFDA Number
PRIDE			SG-03-05		39,335.00		51,435.00	
			CF 03-16		11,450.00		20,000.00	
			CF 02-13		12,400.00		12,400.00	
						63,185.00		83,835.00
Sub Total Per CFDA Number								
FEMA			1407		13059260			
			1454		26264331		327591.07	
			1475		2923787		126315.73	
			Administrative Additional FEMA			422,473.78	5,700.00	* 5,877.63 457,606.80
Sub Total Per CFDA Number								
Transportation Cabinet			Corbin Industrial Pack Access Road		481,700.55		481,700.55	
						481,700.55		481,700.55
Sub Total Per CFDA Number								

County Judge's Initials:

RCS

County Treasurer's Initials:

Tammy Wine

Date:

4-15-05 6-23-05 01-11-06

[illegible]

QUESTIONS & COMMENTS

County Judge's Signature:

County Treasurer's Signature:

Date:

Signature: Tammy Wine
10-13-05 01-11-06

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Raymond Smith, Knox County Judge/Executive
Members of the Knox County Fiscal Court

Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We were engaged to audit the financial activity of the Fourth Quarter Report of Knox County, Kentucky, as of and for the year ended June 30, 2004, and have issued our report thereon dated March 31, 2006. We did not express an opinion on the Fourth Quarter Report because based on our assessment of fraud risk, we determined the risk for fraud to be too high and we were unable to apply other procedures to overcome this fraud risk. In addition, the Knox County Fiscal Court had weaknesses in the design and operation of its internal control procedures and accounting functions. Furthermore, management elected to override the internal control procedures that were in place. In addition, management did not provide us with a representation letter required by generally accepted auditing standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Knox County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the Fourth Quarter Report and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Knox County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items: 2004-01, 2004-04, 2004-06, 2004-08, 2004-09, 2004-10, 2004-11, 2004-12, 2004-13, 2004-14, 2004-16, 2004-21, and 2004-22.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.



Report On Internal Control Over Financial Reporting
And On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider all of the reportable conditions described above to be material weaknesses.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether Knox County's Fourth Quarter Report is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items: 2004-01, 2004-02, 2004-03, 2004-05, 2004-06, 2004-07, 2004-08, 2004-10, 2004-13, 2004-15, 2004-17, 2004-18, 2004-20, 2004-23.

This report is intended solely for the information and use of management and the Governor's Office for Local Development and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Crit Luallen', written in a cursive style.

Crit Luallen
Auditor of Public Accounts

Audit fieldwork completed -
March 31, 2006

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Raymond Smith, Knox County Judge/Executive
Members of the Knox County Fiscal Court

Report On Compliance With Requirements
Applicable To Each Major Program And On Internal Control
Over Compliance In Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Knox County, Kentucky, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2004. Knox County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Knox County's management. Our responsibility is to express an opinion on Knox County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Knox County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Knox County's compliance with those requirements.

As described in items 2004-17 and 2004-18 in the accompanying schedule of findings and questioned costs, Knox County Fiscal Court did not comply with requirements regarding procurement/suspension/debarment, that are applicable to its major programs: U.S. Department of Homeland Security and U.S. Department of Transportation. Compliance with such requirements is necessary, in our opinion, for Knox County Fiscal Court to comply with requirements applicable to each program.

In our opinion, because of the effects of the noncompliance described in the preceding paragraph, Knox County Fiscal Court did not comply in all material respects, with the requirements referred to above that are applicable to U.S. Department of Homeland Security and U.S. Department of Transportation.



Report On Compliance With Requirements
Applicable To Each Major Program And On Internal Control
Over Compliance In Accordance With OMB Circular A-133
(Continued)

Internal Control Over Compliance

The management of Knox County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Knox County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Knox County Fiscal Court's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. A reportable condition is described in the accompanying schedule of findings and questioned costs as items 2004-14 and 2004-19.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable conditions described above to be material weaknesses.

This report is intended solely for the information and use of management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", written in a cursive style.

Crit Luallen
Auditor of Public Accounts

Audit fieldwork completed -
March 31, 2006

**CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

KNOX COUNTY FISCAL COURT

**For The Fiscal Year Ended
June 30, 2004**

CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS
KNOX COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2004

The Knox County Fiscal Court hereby certifies that assistance received from the Local Government Economic Development Program and Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Raymond C. Smith, County Judge/Executive



Tammy Wine, County Treasurer

KNOX COUNTY FISCAL COURT

For The Year Ended June 30, 2005

EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE KNOX COUNTY FISCAL COURT

June 30, 2005

The Auditor of Public Accounts was engaged to audit the financial activity of the Knox County Fiscal Court for fiscal year ended June 30, 2005, and we have issued a disclaimer of opinion thereon. In accordance with OMB Circular A-133, we have issued an adverse opinion on the compliance requirements that are applicable to Knox County's major federal programs, U.S. Department of Transportation, and one nonmajor program, U.S. Department of Homeland Security, for the year ended June 30, 2005.

Based on our assessment of fraud risk, we determined the risk for fraud to be too high and we were unable to apply other procedures to overcome this fraud risk. In addition, the Fiscal Court had weaknesses in the design and operation of its internal control procedures and accounting functions. Furthermore, management elected to override the internal control procedures that were in place. In addition, management did not provide us with a representation letter required by generally accepted auditing standards. The significance of these issues, in the aggregate, prevents us from expressing an opinion and we do not express an opinion on the financial activities of the Knox County Fiscal Court.

Report Comments:

- 2005-01 The County Should Ensure That The Same Level Of Health Insurance Benefits Are Provided To All County Employees As Stated In Kentucky Attorney General Opinion (OAG) 94-15
- 2005-02 The Jail Canteen Account Should Be Closed
- 2005-03 The County Should Improve Their Internal Control Procedures
- 2005-04 The Fiscal Court Should Review The Administrative Code Annually As Required By KRS 68.005(2)
- 2005-05 The Fiscal Court Minutes Should Be Complete, Adequately Maintained, And Filed In The County Clerk's Office
- 2005-06 The County Treasurer Should Prepare An Accurate Fourth Quarter Financial Report
- 2005-07 The County Treasurer Should Deposit Cashier's Checks Received From Gas And Oil Companies Into An Escrow Account In Order To Minimize Risk To County
- 2005-08 The County Should Maintain Documentation For Credit Card Purchases To Assure All Charges Are For Official Purchases
- 2005-09 The County Should Maintain Complete And Accurate Capital Asset Schedules To Comply With GASB 34 Requirements
- 2005-10 The County Should Strengthen Controls Over Employee Timesheets
- 2005-11 All Transfers Between Funds Should Have Prior Fiscal Court Approval
- 2005-12 The County Should Have Better Control Over Voided Checks
- 2005-13 The Fiscal Court Should Properly Prepare A Schedule Of Expenditures Of Federal Awards
- 2005-14 Knox County Should Properly Monitor State Transportation Bridge Grants And Should Require Adequate Documentation For Project Costs
- 2005-15 Knox County Fiscal Court Has Questioned Costs of \$134,090 of Federal Transportation Grant Due To Failure To Comply With Allowable Costs
- 2005-16 Knox County Should Properly Monitor Federal Transportation Grants And Should Require Adequate Documentation For Project Costs
- 2005-17 County Payments By Checks Totaling \$346,129 Made Payable To A Company Were Either Cashed Or Deposited Into Bank Accounts Of Other Companies In Which Relatives Of The Knox County Judge/Executive Serve As Officers, Or Contained Questionable Endorsements

EXECUTIVE SUMMARY
AUDIT EXAMINATION OF THE
KNOX COUNTY FISCAL COURT
June 30, 2005
(Continued)

- 2005-18 The County Should Comply With Terms Of KIA Coal Development Waterline Grant
- 2005-19 The Knox County Fiscal Court Did Not Maintain Proper Supporting Documentation For Federal Funds Resulting In Questioned Costs of \$37,303 For The May 2004 Disaster
- 2005-20 Questionable Payments Were Made To A Company Totaling \$101,546 For Various County Road Projects
- 2005-21 The County Should Ensure That All Required Individuals File A Financial Disclosure Statement
- 2005-22 The County's Supporting Documentation For Asphalt Expenditures Totaling \$145,677 Was Incomplete
- 2005-23 The County Should Adhere To Competitive Bid Regulations
- 2005-24 The County Should Obtain Refund For Federal Excise Tax Paid In Error
- 2005-25 The County Should Improve Monitoring Controls Over Grants Administered By Third Parties
- 2005-26 The Local Government Economic Assistance Fund Should Repay The Road Fund \$202,780
- 2005-27 The County Should Maintain Supporting Documentation For Expenditures, Pay Invoices Timely, and Comply With Bidding Requirements



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Ernie Fletcher, Governor
Robbie Rudolph, Secretary
Finance and Administration Cabinet
Honorable Raymond Smith, Knox County Judge/Executive
Members of the Knox County Fiscal Court

Independent Auditor's Report

We were engaged to audit the financial activity contained in the Fourth Quarter Report of Knox County, Kentucky, as of and for the year ended June 30, 2005. The financial activity is the responsibility of the Knox County Fiscal Court.

The financial activity contained in the Fourth Quarter Report is intended to present budgeted and actual revenues and expenditures of the Knox County Fiscal Court on the cash basis of accounting and also the long-term debt of the Fiscal Court. Actual revenues and expenditures are recognized when received or paid rather than when earned or incurred. The presentation of the financial activity contained in the Fourth Quarter Report is not intended to be a presentation in conformity with generally accepted accounting principles.

Based on our assessment of fraud risk, we determined the risk of fraud to be too high, and we were unable to apply other procedures to overcome this fraud risk. In addition, the Fiscal Court had weaknesses in the design and operation of its internal control procedures and accounting functions. Furthermore, management elected to override the internal control procedures that were in place. In addition, management did not provide us with a representation letter required by generally accepted auditing standards.

Because of the high level of fraud risk, internal control weakness, management overrides of controls, and failure to provide a management representation letter, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial activity contained in the report referred to in the first paragraph.

Our audit was conducted for the purpose of forming an opinion on the Fourth Quarter Report of Knox County, Kentucky. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is not a required part of the Fourth Quarter Report. As discussed in the third paragraph above, the scope of our work was not sufficient to enable us to express an opinion on the Fourth Quarter Report, and likewise, and for the same reasons, we are unable to express, and we do not express, an opinion on the schedule of expenditures of federal awards in relation to the Fourth Quarter Report.



To the People of Kentucky
 Honorable Ernie Fletcher, Governor
 Robbie Rudolph, Secretary
 Finance and Administration Cabinet
 Honorable Raymond Smith, Knox County Judge/Executive
 Members of the Knox County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated March 31, 2006, on our consideration of Knox County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Based on the results of our audit, we present the schedule of findings and questioned costs, included herein, which discusses the following report comments:

- 2005-01 The County Should Ensure That The Same Level Of Health Insurance Benefits Are Provided To All County Employees As Stated In Kentucky Attorney General Opinion (OAG) 94-15
- 2005-02 The Jail Canteen Account Should Be Closed
- 2005-03 The County Should Improve Their Internal Control Procedures
- 2005-04 The Fiscal Court Should Review The Administrative Code Annually As Required By KRS 68.005(2)
- 2005-05 The Fiscal Court Minutes Should Be Complete, Adequately Maintained, And Filed In The County Clerk's Office
- 2005-06 The County Treasurer Should Prepare An Accurate Fourth Quarter Financial Report
- 2005-07 The County Treasurer Should Deposit Cashier's Checks Received From Gas And Oil Companies Into An Escrow Account In Order To Minimize Risk To County
- 2005-08 The County Should Maintain Documentation For Credit Card Purchases To Assure All Charges Are For Official Purchases
- 2005-09 The County Should Maintain Complete And Accurate Capital Asset Schedules To Comply With GASB 34 Requirements
- 2005-10 The County Should Strengthen Controls Over Employee Timesheets
- 2005-11 All Transfers Between Funds Should Have Prior Fiscal Court Approval
- 2005-12 The County Should Have Better Control Over Voided Checks
- 2005-13 The Fiscal Court Should Properly Prepare A Schedule Of Expenditures Of Federal Awards
- 2005-14 Knox County Should Properly Monitor State Transportation Bridge Grants And Should Require Adequate Documentation For Project Costs
- 2005-15 Knox County Fiscal Court Has Questioned Costs of \$134,090 of Federal Transportation Grant Due To Failure To Comply With Allowable Costs
- 2005-16 Knox County Should Properly Monitor Federal Transportation Grants And Should Require Adequate Documentation For Project Costs
- 2005-17 County Payments By Checks Totaling \$346,129 Made Payable To A Company Were Either Cashed Or Deposited Into Bank Accounts Of Other Companies In Which Relatives Of The Knox County Judge/Executive Serve As Officers, Or Contained Questionable Endorsements
- 2005-18 The County Should Comply With Terms Of KIA Coal Development Waterline Grant
- 2005-19 The Knox County Fiscal Court Did Not Maintain Proper Supporting Documentation For Federal Funds Resulting In Questioned Costs of \$37,303 For The May 2004 Disaster
- 2005-20 Questionable Payments Were Made To A Company Totaling \$101,546 For Various County Road Projects
- 2005-21 The County Should Ensure That All Required Individuals File A Financial Disclosure Statement

To the People of Kentucky
Honorable Ernie Fletcher, Governor
Robbie Rudolph, Secretary
Finance and Administration Cabinet
Honorable Raymond Smith, Knox County Judge/Executive
Members of the Knox County Fiscal Court

- 2005-22 The County's Supporting Documentation For Asphalt Expenditures Totaling \$145,677 Was Incomplete
- 2005-23 The County Should Adhere To Competitive Bid Regulations
- 2005-24 The County Should Obtain Refund For Federal Excise Tax Paid In Error
- 2005-25 The County Should Improve Monitoring Controls Over Grants Administered By Third Parties
- 2005-26 The Local Government Economic Assistance Fund Should Repay The Road Fund \$202,780
- 2005-27 The County Should Maintain Supporting Documentation For Expenditures, Pay Invoices Timely, and Comply With Bidding Requirements

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a stylized, flowing script.

Crit Luallen
Auditor of Public Accounts

Audit fieldwork completed -
March 31, 2006

KNOX COUNTY OFFICIALS

For The Year Ended June 30, 2005

Fiscal Court Members:

Raymond C. Smith	County Judge/Executive
Carson Gilbert	Magistrate
Willard Bargo	Magistrate
Vernon Hamilton	Magistrate
Doyle Gibson	Magistrate
Giulio Cima	Magistrate

Other Elected Officials:

Charley Dixon, Jr.	County Attorney
Preston Smith	Jailer
Mike Corey	County Clerk
Greg Helton	Circuit Court Clerk
John Pickard	Sheriff
Bill Oxendine	Property Valuation Administrator
Jerry Garland	Coroner

Appointed Personnel:

Tammy Wine	County Treasurer
Tammy Wine	Occupational Tax Administrator
Tammy Mayes	Finance Officer

KNOX COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2005

Governor's Office for Local Development County Financial Reports Upload Signature Page	<p>The following financial files have been recieved from Knowl County for the 4th Quarter of the fiscal year ending June 30, 2005</p> <ol style="list-style-type: none">1. HEADER.TXT (210)2. SUMMARY.TXT (3740)3. RECONCIL.TXT (3740)4. RECEIPTS.TXT (42008)5. DISBURSE.TXT (93992)6. MYLIABIL.TXT (3744)7. SHORTTRM.TXT (0)8. TOTLIBIL.TXT (49)	<div><div>RECEIVED</div><div>AUG - 3 2005</div><div>Div. of Financial Management & Administration</div></div>
	<p>If you recieve any errors, please contact <u>the GOLD Internet Administrator</u> and provide the contents of this page. Thank you.</p>	

Sign-Off Form

**Please Print this out and Fax it back with
the following signatures to 1-502-573-3712**

Produced on:
8/3/2005 8:40:35 AM

To the best of my knowledge the information contained herein is accurate and complete.

(Signed)

County Judge/Executive

Date _____

08-03-05

To the best of my knowledge the information contained herein is accurate and complete.

(Signed)

County Treasurer

Date _____

08-03-05

End of UFIR Report

COUNTY	FY Begin Date	FY End Date	County Judge Executiv	County Treasure
61 KNOX	20040701	20050630	RAYMOND C. SMITH	TAMMY WINE
FILING TYPE >>>	Date Submitted	System Date	Source	
4Q	20050630	20050803 08:39:41	FISUPLO	

Print This Record >>>>>>



Num	FundCode	FundDescription	Total		Total Disbursements	Encumbrances	Unencumbrances	Cash	
			Receipts					Balance	
61	1	General Fund	\$2,755,234.36		\$2,398,419.08	\$9,350.12	\$347,465.16		\$356,815.28
61	2	Road Fund	\$3,217,982.92		\$3,187,687.59	\$103,519.66	(\$73,224.33)		\$30,295.33
61	3	Jail Fund	\$1,308,641.76		\$1,276,849.81	\$1,745.68	\$30,046.27		\$31,791.95
61	4	Local Government Economic Assistance Fun	\$1,057,145.13		\$903,978.47	\$0.00	\$153,166.66		\$153,166.66
61	13	Stinking Creek Fund	\$23,006.13		\$10,765.98	\$0.00	\$12,240.15		\$12,240.15
61	23	OCCUPATIONAL LICENSE FUND	\$216,192.77		\$199,369.13	\$0.00	\$16,823.64		\$16,823.64
61	75	911 FUND	\$594,347.53		\$322,278.03	\$21.54	\$272,047.96		\$272,069.50
61	76	HARLAN/ KNOXJOINT E-911 FUND	\$43,088.88		\$33,165.47	\$0.00	\$9,923.41		\$9,923.41
61	77	FEDERAL FUNDS PROGRAM	\$1,491,551.59		\$1,476,837.41	\$0.00	\$14,714.18		\$14,714.18
61	78	Hospital Sinking Fund	\$888,943.07		\$462,214.20	\$0.00	\$426,728.87		\$426,728.87
61	79	SEKRB Park Fund	\$160,028.76		\$98,839.69	\$0.00	\$61,189.07		\$61,189.07

COUNTY	FY Begin Date	FY End Date	County Judge Executiv	County Treasure
61 KNOX	20040701	20050630	RAYMOND C. SMITH	TAMMY WINE
FILING TYPE >>> 4Q		Date Submitted	System Date	Source
		20050630	20050803 08:39:41	FISUPL0
Print This Record >>>>>>>				



Num	Fun	FundName	BankBalance	DepositsInTransit	ChecksOutstanding	OtherTotal	CashBalance
61	1	General Fund	\$400,697.63	\$0.00	\$43,882.35	\$0.00	\$356,815.28
61	2	Road Fund	\$56,891.27	\$0.00	\$26,595.94	\$0.00	\$30,295.33
61	3	Jail Fund	\$52,780.89	\$0.00	\$20,988.94	\$0.00	\$31,791.95
61	4	Local Government Economic Assistance	\$153,166.66	\$0.00	\$0.00	\$0.00	\$153,166.66
61	13	Stinking Creek Fund	\$12,240.15	\$0.00	\$0.00	\$0.00	\$12,240.15
61	23	OCCUPATIONAL LICENSE FUND	\$16,823.64	\$0.00	\$0.00	\$0.00	\$16,823.64
61	75	911 FUND	\$276,848.53	\$0.00	\$4,779.03	\$0.00	\$272,069.50
61	76	HARLAN/ KNOXJOINT E-911 FUND	\$9,923.41	\$0.00	\$0.00	\$0.00	\$9,923.41
61	77	FEDERAL FUNDS PROGRAM	\$17,194.44	\$0.00	\$2,480.26	\$0.00	\$14,714.18
61	78	Hospital Sinking Fund	\$426,728.87	\$0.00	\$0.00	\$0.00	\$426,728.87
61	79	SEKRB Park Fund	\$61,189.07	\$0.00	\$0.00	\$0.00	\$61,189.07

COUNTY	FY Begin Date	FY End Date	County Judge Executiv	County Treasure
61 KNOX	20040701	20050630	RAYMOND C. SMITH	TAMMY WINE
FILING TYPE >>>	Date Submitted	System Date	Source	
4Q	20050630	20050803 08:39:41	FISUPL0	

Print This Record >>>>>>

Num	Fun	ObjectDescription	OriginalBudget	Amendments	ReceivedThisQtr	ReceivedToDate	UnderOverBudget
61	1	4101	REAL PROPERTY TAXES	\$650,000.00	\$32,888.32	\$131,390.54	\$814,278.86 (\$131,390.54)
61	1	4102	PERSONAL PROPERTY TAXES	\$0.00	\$0.00	\$0.00	\$0.00
61	1	4103	MOTOR VEHICLE TAXES	\$160,000.00	\$0.00	\$44,413.26	\$148,371.76 \$11,628.24
61	1	4104	DELINQUENT TAXES	\$70,000.00	\$0.00	\$13,952.88	\$64,801.98 \$5,198.02
61	1	4107	UNMINED MINERALS	\$20,000.00	\$0.00	\$2,657.50	\$2,710.04 \$17,289.96
61	1	4119	TIMBERLAND TAX	\$1,500.00	\$0.00	\$140.90	\$1,580.31 (\$80.31)
61	1	4130	BANK FRANCHISES	\$76,600.00	\$0.00	\$0.00	\$77,720.89 (\$1,120.89)
61	1	4131	FRANCHISE CORPORATION TAX	\$150,000.00	\$0.00	\$33,371.86	\$127,178.80 \$22,821.20
61	1	4134	OCCUPATIONAL LICENSE FEE	\$1,375,000.00	\$0.00	\$426,490.80	\$1,599,012.00 (\$224,012.00)
61	1	4135	DEED TRANSFER	\$35,000.00	\$0.00	\$7,535.50	\$35,006.65 (\$6.65)
61	1	4203	TVA	\$100.00	\$0.00	\$0.00	\$14.58 \$85.42
61	1	4205	NATIONAL FOREST-PILT	\$6.10	\$0.00	\$0.00	\$0.00 \$6.10
61	1	4302	COUNTY CLERK EXCESS FEES	\$141,139.00	\$28,534.98	\$50,000.00	\$156,186.98 \$13,487.00
61	1	4401	COMMERCIAL LICENSE	\$300.00	\$0.00	\$20.00	\$232.50 \$67.50
61	1	4501	OMITTED PROPERTY TAX	\$5,500.00	\$0.00	\$0.00	\$0.00 \$5,500.00
61	1	4505	MOTOR VEHICLE TAX - OTHER COUNTIES	\$20,000.00	\$0.00	\$6,503.62	\$29,853.31 (\$9,853.31)
61	1	4510	STATE GRANTS	\$11,500.00	\$34,906.88	\$13,457.93	\$13,457.93 \$32,948.95
61	1	4520	ELECTION EXPENSE REIMBURSEMENTS	\$18,000.00	\$0.00	\$2,700.00	\$10,350.00 \$7,650.00
61	1	4521	BOARD OF ASSESSMENT	\$300.00	\$0.00	\$200.00	\$600.00 (\$300.00)
61	1	4522	LEGAL PROCESS TAX	\$200.00	\$0.00	\$0.00	\$190.69 \$9.31

61	1	4523		DOG LICENSE REFUND		\$100.00	\$0.00	\$0.00	\$38.00	\$62.00
61	1	4526		STRIP MINE PERMITS		\$6,700.00	\$0.00	\$0.00	\$8,225.00	(\$1,525.00)
61	1	4532		AOC SPACE RENTAL		\$130,600.00	\$0.00	\$53,909.66	\$140,935.00	(\$10,335.00)
61	1	4541		DES REIMBURSEMENT		\$12,209.00	\$0.00	\$0.00	\$10,668.82	\$1,540.18
61	1	4545		TRANSFER, COUNTIES		\$0.00	\$185,029.10	\$0.00	\$185,029.10	\$0.00
61	1	4549		COUNTY SHERIFF FEES (POOLING)		\$430,000.00	\$0.00	\$69,319.19	\$451,432.53	(\$21,432.53)
61	1	4701		VENDING MACHINE COMMISSION		\$1,500.00	\$0.00	\$275.69	\$1,075.04	\$424.96
61	1	4711		HOSPITAL LEASE PAYMENTS		\$734,125.00	(\$734,125.00)	\$0.00	\$0.00	\$0.00
61	1	4727		REIMBURSEMENTS		\$0.00	\$20,796.71	\$926.96	\$45,735.37	(\$24,938.66)
61	1	4731		MISCELLANEOUS REVENUES		\$2,500.00	\$0.00	\$0.00	\$0.00	\$2,500.00
61	1	4733		INSURANCE REIMBURSEMENTS		\$80,000.00	\$38,580.84	\$32,272.72	\$138,635.33	(\$20,054.49)
61	1	4755		DRUG TASK FORCE REIMBURSEMENT		\$0.00	\$0.00	\$12,356.81	\$12,356.81	(\$12,356.81)
61	1	4756		POLICE SERVICES REIMBURSEMENT		\$0.00	\$0.00	\$3,611.12	\$11,400.10	(\$11,400.10)
61	1	4799		OTHER RECEIPTS		\$8,000.00	\$71,318.00	\$128.10	\$72,109.16	\$7,208.84
61	1	4806		INTEREST ON CHECKING		\$2,500.00	\$0.00	\$2,756.40	\$5,716.83	(\$3,216.83)
61	1	4808		INTEREST ON KARP		\$0.00	\$0.00	\$0.00	\$7,111.22	(\$7,111.22)
61	1	4901		SURPLUS PRIOR YEAR		\$75,000.00	\$0.00	\$0.00	\$56,563.41	\$18,436.59
61	1	4903		ADJUSTMENTS TO PRIOR YEAR SURPLUS		\$0.00	\$0.00	\$0.00	\$8,626.94	(\$8,626.94)
61	1	4905		BOND SALE PROCEEDS		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
61	1	4909		TRANSFER OUT		(\$1,019,230.48)	(\$166,318.00)	(\$475,000.00)	(\$1,756,971.58)	\$571,423.10
61	1	4910		TRANSFER IN		\$0.00	\$0.00	\$0.00	\$50,000.00	(\$50,000.00)
61	1	4911		BORROWED MONEY		\$0.00	\$225,000.00	\$0.00	\$225,000.00	\$0.00
61	2	4205		NATIONAL FOREST RECEIPTS		\$0.00	\$0.00	\$0.00	\$109.39	(\$109.39)
61	2	4506		STATE REIMBURSEMENTS		\$491,698.88	\$356,700.00	\$0.00	\$579,937.00	\$268,461.88
61	2	4510		STATE GRANTS		\$0.00	\$145,473.12	\$0.00	\$145,473.12	\$0.00
61	2	4515		ENERGY RECOVERY		\$4,000.00	\$0.00	\$0.00	\$579.82	\$3,420.18

61	2	4516		TRUCK LICENSE REFUND		\$190,000.00	\$12,950.61	\$0.00	\$202,950.61	\$0.00
61	2	4517		DRIVER'S LICENSE REFUND		\$2,700.00	\$0.00	\$0.00	\$2,735.50	(\$35.50)
61	2	4518		COUNTY ROAD AID		\$942,000.00	\$0.00	\$0.00	\$819,898.00	\$122,102.00
61	2	4519		MUNICIPAL ROAD AID		\$110,000.00	\$0.00	\$0.00	\$46,900.16	\$63,099.84
61	2	4542		FEMA REIMBURSEMENTS		\$75,000.00	\$95,102.41	\$5,652.61	\$175,755.02	(\$5,652.61)
61	2	4704		SALE OF EQUIPMENT PROCEEDS		\$0.00	\$0.00	\$178,060.00	\$178,060.00	(\$178,060.00)
61	2	4727		REIMBURSEMENTS		\$0.00	\$26,999.85	\$1,055.44	\$28,055.29	(\$1,055.44)
61	2	4731		MISCELLANEOUS REVENUES		\$1,000.00	\$0.00	\$0.00	\$0.00	\$1,000.00
61	2	4733		INSURANCE REIMBURSEMENTS		\$0.00	\$16,317.34	\$0.00	\$16,317.34	\$0.00
61	2	4799		OTHER RECEIPTS		\$500.00	\$0.00	\$0.00	\$0.00	\$500.00
61	2	4806		INTEREST ON CHECKING		\$1,500.00	\$0.00	\$397.47	\$1,277.22	\$222.78
61	2	4808		INTEREST ON KARP		\$0.00	\$0.00	\$0.00	\$1,945.26	(\$1,945.26)
61	2	4901		SURPLUS PRIOR YEAR		\$50,000.00	\$0.00	\$0.00	\$4,512.31	\$45,487.69
61	2	4903		ADJUSTMENTS TO PRIOR YEAR SURPLUS		\$0.00	\$0.00	\$0.00	\$48.00	(\$48.00)
61	2	4909		TRANSFER OUT		\$0.00	\$0.00	\$0.00	(\$200,000.00)	\$200,000.00
61	2	4910		TRANSFER IN		\$130,000.00	(\$58,682.00)	\$61,000.00	\$742,318.00	(\$671,000.00)
61	2	4912		GOVERNMENT LEASING RECEIPTS (KADD		\$0.00	\$471,110.88	\$0.00	\$471,110.88	\$0.00
61	3	4533		STATE/JAIL ALLOTMENT		\$73,808.00	\$0.00	\$18,461.07	\$73,838.16	(\$30.16)
61	3	4534		STATE JAIL MEDICAL		\$6,036.00	\$0.00	\$3,018.10	\$22,319.44	(\$16,283.44)
61	3	4535		COURT COST COLLECTION, CIRCUIT CLE		\$15,000.00	\$0.00	\$3,440.69	\$12,716.43	\$2,283.57
61	3	4538		DUI FEES		\$7,700.00	\$0.00	\$1,701.83	\$6,776.64	\$923.36
61	3	4727		REIMBURSEMENTS		\$18,000.00	\$0.00	\$0.00	\$15.00	\$17,985.00
61	3	4731		MISCELLANEOUS REVENUES		\$500.00	\$0.00	\$0.00	\$0.00	\$500.00
61	3	4799		OTHER RECEIPTS		\$2,000.00	\$0.00	\$0.00	\$4,590.00	(\$2,590.00)
61	3	4806		INTEREST ON CHECKING		\$650.00	\$0.00	\$204.64	\$580.27	\$69.73


61	3	4901		SURPLUS PRIOR YEAR		\$5,000.00	\$0.00	\$0.00	\$2,805.82	\$2,194.18
61	3	4909		TRANSFERS OUT		\$0.00	\$0.00		(\$25,000.00)	\$25,000.00
61	3	4910		TRANSFER IN		\$1,280,628.74	\$0.00	\$420,000.00	\$1,210,000.00	\$70,628.74
61	4	4508		LOCAL ECON. DEV. GRANTS		\$2,456,400.00	\$0.00	\$0.00	\$604,803.00	\$1,851,597.00
61	4	4510		STATE GRANTS		\$467,527.00	\$230,000.00	\$0.00	\$5,000.00	\$692,527.00
61	4	4527		COAL SEVERANCE TAX		\$200,000.00	\$0.00	\$57,255.71	\$237,384.31	(\$37,384.31)
61	4	4529		MINERALS SEVERANCE TAX		\$237,000.00	\$0.00	\$104,387.12	\$338,092.83	(\$101,092.83)
61	4	4799		OTHER RECEIPTS		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
61	4	4806		INTEREST ON CHECKING		\$2,500.00	\$0.00	\$624.11	\$3,309.97	(\$809.97)
61	4	4901		SURPLUS PRIOR YEAR		\$25,000.00	\$0.00	\$0.00	\$1,555.02	\$23,444.98
61	4	4909		TRANSFER OUT		(\$391,398.26)	\$0.00	(\$6,000.00)	(\$468,000.00)	\$76,601.74
61	4	4910		TRANSFER IN		\$0.00	\$225,000.00	\$0.00	\$335,000.00	(\$110,000.00)
61	13	4503		FEDERAL REIMBURSEMENTS-STINK CRK		\$3,587.43	\$0.00	\$0.00	\$1,659.59	\$1,927.84
61	13	4504		FEDERAL GRANTS		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
61	13	4727		REIMBURSEMENTS		\$0.00	\$0.00	\$0.00	\$189.60	(\$189.60)
61	13	4901		SURPLUS PRIOR YEAR		\$18,872.51	\$0.00	\$0.00	\$21,156.94	(\$2,284.43)
61	13	4909		TRANSFER OUT		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
61	13	4910		TRANSFER IN		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
61	23	4134		OCCUPATIONAL FEES		\$0.00	\$0.00	\$16,674.72	\$16,674.72	(\$16,674.72)
61	23	4806		INTEREST ON CHECKING		\$0.00	\$0.00	\$148.92	\$148.92	(\$148.92)
61	23	4901		PRIOR YEAR SURPLUS		\$0.00	\$0.00	\$199,369.13	\$199,369.13	(\$199,369.13)
61	23	4909		TRANSFER OUT		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
61	75	4140		TELEPHONE / 911 TAXES		\$180,000.00	\$0.00	\$50,841.32	\$195,248.62	(\$15,248.62)
61	75	4727		REIMBURSEMENTS		\$0.00	\$0.00	\$0.00	\$50.00	(\$50.00)
61	75	4806		INTEREST ON CHECKING		\$5,000.00	\$0.00	\$1,550.80	\$6,185.85	(\$1,185.85)
61	75	4901		SURPLUS PRIOR YEAR		\$250,000.00	\$0.00	\$0.00	\$392,863.06	(\$142,863.06)

61	75	4909		TRANSFER OUT		\$0.00	\$0.00	\$0.00	(\$285,000.00)	\$285,000.00
61	75	4910		TRANSFER IN		\$0.00	\$0.00	\$0.00	\$285,000.00	(\$285,000.00)
61	76	4562		WIRELESS 911		\$40,000.00	\$0.00	\$9,862.05	\$42,800.77	(\$2,800.77)
61	76	4806		INTEREST ON CHECKING		\$250.00	\$0.00	\$61.36	\$235.80	\$14.20
61	76	4901		SURPLUS PRIOR YEAR		\$5,000.00	\$0.00	\$0.00	\$52.31	\$4,947.69
61	77	4503		FEDERAL REIMBURSEMENTS		\$850,000.00	\$0.00	\$0.00	\$362,359.09	\$487,640.91
61	77	4504		FEDERAL GRANTS		\$395,234.00	\$344,105.00	\$41,064.81	\$882,450.24	(\$143,111.24)
61	77	4504	1	FEDERAL GRANTS - PRIDE		\$0.00	\$872,075.00	\$194,108.31	\$194,108.31	\$677,966.69
61	77	4512		HOMELAND SECURITY GRANTS		\$0.00	\$5,166.00	\$0.00	\$0.00	\$5,166.00
61	77	4901		SURPLUS PRIOR YEAR		\$0.00	\$0.00	\$0.00	\$42,633.95	(\$42,633.95)
61	77	4910		TRANSFER IN		\$0.00	\$0.00	\$0.00	\$10,000.00	(\$10,000.00)
61	78	4711		RENTAL & LEASE RECEIPTS		\$0.00	\$0.00	\$178,613.80	\$178,613.80	(\$178,613.80)
61	78	4731		MISCELLANEOUS REVENUE		\$0.00	\$0.00	\$1,425.00	\$1,425.00	(\$1,425.00)
61	78	4809		INTEREST ON SINKING FUND		\$0.00	\$0.00	\$969.30	\$2,366.27	(\$2,366.27)
61	78	4901		PRIOR YEAR SURPLUS		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
61	78	4905		BOND SALE PROCEEDS		\$0.00	\$4,160,000.00	\$0.00	\$706,538.00	\$3,453,462.00
61	79	4101		PROPERTY TAX		\$0.00	\$0.00	\$0.00	\$137.20	(\$137.20)
61	79	4134		OCCUPATIONAL FEES		\$0.00	\$0.00	\$30,023.98	\$121,795.62	(\$121,795.62)
61	79	4806		INTEREST ON CHECKING		\$0.00	\$0.00	\$128.59	\$319.79	(\$319.79)
61	79	4901		SURPLUS PRIOR YEAR		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
61	79	4910		TRANSFER IN		\$0.00	\$0.00	\$0.00	\$37,776.15	(\$37,776.15)

COUNTY	FY Begin Date	FY End Date	County Judge Executiv	County Treasure
61 KNOX	20040701	20050630	RAYMOND C. SMITH	TAMMY WINE

FILING TYPE >>> 4Q

Date Submitted20050630System Date20050803 08:39:41SourceFISUPL0

Print This Record >>>>>>

Num Fun		ObjectDescription	OriginalBudget	Amendments	ReceivedThisQtr	ReceivedToDate	UnderOverBudget
61	1 4101	REAL PROPERTY TAXES	\$650,000.00	\$32,888.32	\$131,390.54	\$814,278.86	(\$131,390.54)
61	1 4102	PERSONAL PROPERTY TAXES	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
61	1 4103	MOTOR VEHICLE TAXES	\$160,000.00	\$0.00	\$44,413.26	\$148,371.76	\$11,628.24
61	1 4104	DELINQUENT TAXES	\$70,000.00	\$0.00	\$13,952.88	\$64,801.98	\$5,198.02
61	1 4107	UNMINED MINERALS	\$20,000.00	\$0.00	\$2,657.50	\$2,710.04	\$17,289.96
61	1 4119	TIMBERLAND TAX	\$1,500.00	\$0.00	\$140.90	\$1,580.31	(\$80.31)
61	1 4130	BANK FRANCHISES	\$76,600.00	\$0.00	\$0.00	\$77,720.89	(\$1,120.89)
61	1 4131	FRANCHISE CORPORATION TAX	\$150,000.00	\$0.00	\$33,371.86	\$127,178.80	\$22,821.20
61	1 4134	OCCUPATIONAL LICENSE FEE	\$1,375,000.00	\$0.00	\$426,490.80	\$1,599,012.00	(\$224,012.00)
61	1 4135	DEED TRANSFER	\$35,000.00	\$0.00	\$7,535.50	\$35,006.65	(\$6.65)
61	1 4203	TVA	\$100.00	\$0.00	\$0.00	\$14.58	\$85.42
61	1 4205	NATIONAL FOREST-PILT	\$6.10	\$0.00	\$0.00	\$0.00	\$6.10
61	1 4302	COUNTY CLERK EXCESS FEES	\$141,139.00	\$28,534.98	\$50,000.00	\$156,186.98	\$13,487.00
61	1 4401	COMMERCIAL LICENSE	\$300.00	\$0.00	\$20.00	\$232.50	\$67.50
61	1 4501	OMITTED PROPERTY TAX	\$5,500.00	\$0.00	\$0.00	\$0.00	\$5,500.00
61	1 4505	MOTOR VEHICLE TAX - OTHER COUNTIES	\$20,000.00	\$0.00	\$6,503.62	\$29,853.31	(\$9,853.31)
61	1 4510	STATE GRANTS	\$11,500.00	\$34,906.88	\$13,457.93	\$13,457.93	\$32,948.95
61	1 4520	ELECTION EXPENSE REIMBURSEMENTS	\$18,000.00	\$0.00	\$2,700.00	\$10,350.00	\$7,650.00
61	1 4521	BOARD OF ASSESSMENT	\$300.00	\$0.00	\$200.00	\$600.00	(\$300.00)
61	1 4522	LEGAL PROCESS TAX	\$200.00	\$0.00	\$0.00	\$190.69	\$9.31

61	1	4523		DOG LICENSE REFUND		\$100.00	\$0.00	\$0.00	\$38.00	\$62.00
61	1	4526		STRIP MINE PERMITS		\$6,700.00	\$0.00	\$0.00	\$8,225.00	(\$1,525.00)
61	1	4532		AOC SPACE RENTAL		\$130,600.00	\$0.00	\$53,909.66	\$140,935.00	(\$10,335.00)
61	1	4541		DES REIMBURSEMENT		\$12,209.00	\$0.00	\$0.00	\$10,668.82	\$1,540.18
61	1	4545		TRANSFER, COUNTIES		\$0.00	\$185,029.10	\$0.00	\$185,029.10	\$0.00
61	1	4549		COUNTY SHERIFF FEES (POOLING)		\$430,000.00	\$0.00	\$69,319.19	\$451,432.53	(\$21,432.53)
61	1	4701		VENDING MACHINE COMMISSION		\$1,500.00	\$0.00	\$275.69	\$1,075.04	\$424.96
61	1	4711		HOSPITAL LEASE PAYMENTS		\$734,125.00	(\$734,125.00)	\$0.00	\$0.00	\$0.00
61	1	4727		REIMBURSEMENTS		\$0.00	\$20,796.71	\$926.96	\$45,735.37	(\$24,938.66)
61	1	4731		MISCELLANEOUS REVENUES		\$2,500.00	\$0.00	\$0.00	\$0.00	\$2,500.00
61	1	4733		INSURANCE REIMBURSEMENTS		\$80,000.00	\$38,580.84	\$32,272.72	\$138,635.33	(\$20,054.49)
61	1	4755		DRUG TASK FORCE REIMBURSEMENT		\$0.00	\$0.00	\$12,356.81	\$12,356.81	(\$12,356.81)
61	1	4756		POLICE SERVICES REIMBURSEMENT		\$0.00	\$0.00	\$3,611.12	\$11,400.10	(\$11,400.10)
61	1	4799		OTHER RECEIPTS		\$8,000.00	\$71,318.00	\$128.10	\$72,109.16	\$7,208.84
61	1	4806		INTEREST ON CHECKING		\$2,500.00	\$0.00	\$2,756.40	\$5,716.83	(\$3,216.83)
61	1	4808		INTEREST ON KARP		\$0.00	\$0.00	\$0.00	\$7,111.22	(\$7,111.22)
61	1	4901		SURPLUS PRIOR YEAR		\$75,000.00	\$0.00	\$0.00	\$56,563.41	\$18,436.59
61	1	4903		ADJUSTMENTS TO PRIOR YEAR SURPLUS		\$0.00	\$0.00	\$0.00	\$8,626.94	(\$8,626.94)
61	1	4905		BOND SALE PROCEEDS		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
61	1	4909		TRANSFER OUT		(\$1,019,230.48)	(\$166,318.00)	(\$475,000.00)	(\$1,756,971.58)	\$571,423.10
61	1	4910		TRANSFER IN		\$0.00	\$0.00	\$0.00	\$50,000.00	(\$50,000.00)
61	1	4911		BORROWED MONEY		\$0.00	\$225,000.00	\$0.00	\$225,000.00	\$0.00
61	2	4205		NATIONAL FOREST RECEIPTS		\$0.00	\$0.00	\$0.00	\$109.39	(\$109.39)
61	2	4506		STATE REIMBURSEMENTS		\$491,698.88	\$356,700.00	\$0.00	\$579,937.00	\$268,461.88
61	2	4510		STATE GRANTS		\$0.00	\$145,473.12	\$0.00	\$145,473.12	\$0.00
61	2	4515		ENERGY RECOVERY		\$4,000.00	\$0.00	\$0.00	\$579.82	\$3,420.18

61	2	4516		TRUCK LICENSE REFUND		\$190,000.00	\$12,950.61	\$0.00	\$202,950.61	\$0.00
61	2	4517		DRIVER'S LICENSE REFUND		\$2,700.00	\$0.00	\$0.00	\$2,735.50	(\$35.50)
61	2	4518		COUNTY ROAD AID		\$942,000.00	\$0.00	\$0.00	\$819,898.00	\$122,102.00
61	2	4519		MUNICIPAL ROAD AID		\$110,000.00	\$0.00	\$0.00	\$46,900.16	\$63,099.84
61	2	4542		FEMA REIMBURSEMENTS		\$75,000.00	\$95,102.41	\$5,652.61	\$175,755.02	(\$5,652.61)
61	2	4704		SALE OF EQUIPMENT PROCEEDS		\$0.00	\$0.00	\$178,060.00	\$178,060.00	(\$178,060.00)
61	2	4727		REIMBURSEMENTS		\$0.00	\$26,999.85	\$1,055.44	\$28,055.29	(\$1,055.44)
61	2	4731		MISCELLANEOUS REVENUES		\$1,000.00	\$0.00	\$0.00	\$0.00	\$1,000.00
61	2	4733		INSURANCE REIMBURSEMENTS		\$0.00	\$16,317.34	\$0.00	\$16,317.34	\$0.00
61	2	4799		OTHER RECEIPTS		\$500.00	\$0.00	\$0.00	\$0.00	\$500.00
61	2	4806		INTEREST ON CHECKING		\$1,500.00	\$0.00	\$397.47	\$1,277.22	\$222.78
61	2	4808		INTEREST ON KARP		\$0.00	\$0.00	\$0.00	\$1,945.26	(\$1,945.26)
61	2	4901		SURPLUS PRIOR YEAR		\$50,000.00	\$0.00	\$0.00	\$4,512.31	\$45,487.69
61	2	4903		ADJUSTMENTS TO PRIOR YEAR SURPLUS		\$0.00	\$0.00	\$0.00	\$48.00	(\$48.00)
61	2	4909		TRANSFER OUT		\$0.00	\$0.00	\$0.00	(\$200,000.00)	\$200,000.00
61	2	4910		TRANSFER IN		\$130,000.00	(\$58,682.00)	\$61,000.00	\$742,318.00	(\$671,000.00)
61	2	4912		GOVERNMENT LEASING RECEIPTS (KADD		\$0.00	\$471,110.88	\$0.00	\$471,110.88	\$0.00
61	3	4533		STATE/JAIL ALLOTMENT		\$73,808.00	\$0.00	\$18,461.07	\$73,838.16	(\$30.16)
61	3	4534		STATE JAIL MEDICAL		\$6,036.00	\$0.00	\$3,018.10	\$22,319.44	(\$16,283.44)
61	3	4535		COURT COST COLLECTION, CIRCUIT CLE		\$15,000.00	\$0.00	\$3,440.69	\$12,716.43	\$2,283.57
61	3	4538		DUI FEES		\$7,700.00	\$0.00	\$1,701.83	\$6,776.64	\$923.36
61	3	4727		REIMBURSEMENTS		\$18,000.00	\$0.00	\$0.00	\$15.00	\$17,985.00
61	3	4731		MISCELLANEOUS REVENUES		\$500.00	\$0.00	\$0.00	\$0.00	\$500.00
61	3	4799		OTHER RECEIPTS		\$2,000.00	\$0.00	\$0.00	\$4,590.00	(\$2,590.00)
61	3	4806		INTEREST ON CHECKING		\$650.00	\$0.00	\$204.64	\$580.27	\$69.73

61	3	4901		SURPLUS PRIOR YEAR		\$5,000.00	\$0.00	\$0.00	\$2,805.82	\$2,194.18
61	3	4909		TRANSFERS OUT		\$0.00	\$0.00		(\$25,000.00)	\$25,000.00
61	3	4910		TRANSFER IN		\$1,280,628.74	\$0.00	\$420,000.00	\$1,210,000.00	\$70,628.74
61	4	4508		LOCAL ECON. DEV. GRANTS		\$2,456,400.00	\$0.00	\$0.00	\$604,803.00	\$1,851,597.00
61	4	4510		STATE GRANTS		\$467,527.00	\$230,000.00	\$0.00	\$5,000.00	\$692,527.00
61	4	4527		COAL SEVERANCE TAX		\$200,000.00	\$0.00	\$57,255.71	\$237,384.31	(\$37,384.31)
61	4	4529		MINERALS SEVERANCE TAX		\$237,000.00	\$0.00	\$104,387.12	\$338,092.83	(\$101,092.83)
61	4	4799		OTHER RECEIPTS		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
61	4	4806		INTEREST ON CHECKING		\$2,500.00	\$0.00	\$624.11	\$3,309.97	(\$809.97)
61	4	4901		SURPLUS PRIOR YEAR		\$25,000.00	\$0.00	\$0.00	\$1,555.02	\$23,444.98
61	4	4909		TRANSFER OUT		(\$391,398.26)	\$0.00	(\$6,000.00)	(\$468,000.00)	\$76,601.74
61	4	4910		TRANSFER IN		\$0.00	\$225,000.00	\$0.00	\$335,000.00	(\$110,000.00)
61	13	4503		FEDERAL REIMBURSEMENTS-STINK CRK		\$3,587.43	\$0.00	\$0.00	\$1,659.59	\$1,927.84
61	13	4504		FEDERAL GRANTS		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
61	13	4727		REIMBURSEMENTS		\$0.00	\$0.00	\$0.00	\$189.60	(\$189.60)
61	13	4901		SURPLUS PRIOR YEAR		\$18,872.51	\$0.00	\$0.00	\$21,156.94	(\$2,284.43)
61	13	4909		TRANSFER OUT		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
61	13	4910		TRANSFER IN		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
61	23	4134		OCCUPATIONAL FEES		\$0.00	\$0.00	\$16,674.72	\$16,674.72	(\$16,674.72)
61	23	4806		INTEREST ON CHECKING		\$0.00	\$0.00	\$148.92	\$148.92	(\$148.92)
61	23	4901		PRIOR YEAR SURPLUS		\$0.00	\$0.00	\$199,369.13	\$199,369.13	(\$199,369.13)
61	23	4909		TRANSFER OUT		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
61	75	4140		TELEPHONE / 911 TAXES		\$180,000.00	\$0.00	\$50,841.32	\$195,248.62	(\$15,248.62)
61	75	4727		REIMBURSEMENTS		\$0.00	\$0.00	\$0.00	\$50.00	(\$50.00)
61	75	4806		INTEREST ON CHECKING		\$5,000.00	\$0.00	\$1,550.80	\$6,185.85	(\$1,185.85)
61	75	4901		SURPLUS PRIOR YEAR		\$250,000.00	\$0.00	\$0.00	\$392,863.06	(\$142,863.06)

61	75	4909		TRANSFER OUT		\$0.00	\$0.00	\$0.00	(\$285,000.00)	\$285,000.00
61	75	4910		TRANSFER IN		\$0.00	\$0.00	\$0.00	\$285,000.00	(\$285,000.00)
61	76	4562		WIRELESS 911		\$40,000.00	\$0.00	\$9,862.05	\$42,800.77	(\$2,800.77)
61	76	4806		INTEREST ON CHECKING		\$250.00	\$0.00	\$61.36	\$235.80	\$14.20
61	76	4901		SURPLUS PRIOR YEAR		\$5,000.00	\$0.00	\$0.00	\$52.31	\$4,947.69
61	77	4503		FEDERAL REIMBURSEMENTS		\$850,000.00	\$0.00	\$0.00	\$362,359.09	\$487,640.91
61	77	4504		FEDERAL GRANTS		\$395,234.00	\$344,105.00	\$41,064.81	\$882,450.24	(\$143,111.24)
61	77	4504	1	FEDERAL GRANTS - PRIDE		\$0.00	\$872,075.00	\$194,108.31	\$194,108.31	\$677,966.69
61	77	4512		HOMELAND SECURITY GRANTS		\$0.00	\$5,166.00	\$0.00	\$0.00	\$5,166.00
61	77	4901		SURPLUS PRIOR YEAR		\$0.00	\$0.00	\$0.00	\$42,633.95	(\$42,633.95)
61	77	4910		TRANSFER IN		\$0.00	\$0.00	\$0.00	\$10,000.00	(\$10,000.00)
61	78	4711		RENTAL & LEASE RECEIPTS		\$0.00	\$0.00	\$178,613.80	\$178,613.80	(\$178,613.80)
61	78	4731		MISCELLANEOUS REVENUE		\$0.00	\$0.00	\$1,425.00	\$1,425.00	(\$1,425.00)
61	78	4809		INTEREST ON SINKING FUND		\$0.00	\$0.00	\$969.30	\$2,366.27	(\$2,366.27)
61	78	4901		PRIOR YEAR SURPLUS		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
61	78	4905		BOND SALE PROCEEDS		\$0.00	\$4,160,000.00	\$0.00	\$706,538.00	\$3,453,462.00
61	79	4101		PROPERTY TAX		\$0.00	\$0.00	\$0.00	\$137.20	(\$137.20)
61	79	4134		OCCUPATIONAL FEES		\$0.00	\$0.00	\$30,023.98	\$121,795.62	(\$121,795.62)
61	79	4806		INTEREST ON CHECKING		\$0.00	\$0.00	\$128.59	\$319.79	(\$319.79)
61	79	4901		SURPLUS PRIOR YEAR		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
61	79	4910		TRANSFER IN		\$0.00	\$0.00	\$0.00	\$37,776.15	(\$37,776.15)

COUNTY	FY Begin Date	FY End Date	County Judge Executiv	County Treasure
61 KNOX	20040701	20050630	RAYMOND C. SMITH	TAMMY WINE
FILING TYPE >>>	Date Submitted	System Date	Source	
4Q	20050630	20050803 08:39:41	FISUPL0	

Print This Record >>>>>>

IntyNum	ObjectDescriptio		OriginalBudget	Amendments	Transfers	TotalAvailable	Claims	FreeBalance
61	01	175	903			\$3,974.00	\$3,974.00	\$0.00
61	01	205	1102		\$1,150.00	\$17,790.00	\$17,768.64	\$21.36
61	01	205	1340		\$4,100.00	\$5,600.00	\$5,149.74	\$450.26
61	01	205	1398		\$0.00	\$15,000.00	\$15,000.00	\$0.00
61	01	205	1446		\$1,500.00	\$4,500.00	\$3,569.23	\$930.77
61	01	205	1455		\$5,500.00	\$10,500.00	\$7,886.89	\$2,613.11
61	01	205	1574		(\$500.00)	\$0.00	\$0.00	\$0.00
61	01	205	1723		(\$1,600.00)	\$23,245.84	\$23,150.00	\$95.84
61	01	212	1107		\$0.00	\$21,000.00	\$18,720.00	\$2,280.00
61	01	212	1167		\$0.00	\$22,950.00	\$20,384.65	\$2,565.35
61	01	212	1302		\$0.00	\$100.00	\$85.00	\$15.00
61	01	212	1364		\$0.00	\$5,200.00	\$5,200.00	\$0.00
61	01	212	1366		\$0.00	\$7,000.00	\$5,728.38	\$1,271.62
61	01	212	1373		\$34,906.88	\$34,906.88	\$0.00	\$34,906.88
61	01	212	1445		(\$2,050.00)	\$4,450.00	\$4,192.88	\$257.12

61	01	212	455		SOLID WASTE PETROLEUM PRODUCTS	\$12,500.00	\$0.00	\$6,500.00	\$19,000.00	\$14,981.91	\$4,018.09
61	01	212	499		SOLID WASTE OTHER SUPPLIES	\$0.00	\$0.00	\$3,250.00	\$3,250.00	\$2,794.33	\$455.67
61	01	212	569		SOLID WASTE CONFERENCES, TRAINING	\$300.00	\$0.00	\$800.00	\$1,100.00	\$904.62	\$195.38
61	01	212	573		SOLID WASTE TELEPHONE	\$1,500.00	\$0.00	\$1,100.00	\$2,600.00	\$2,513.51	\$86.49
61	01	212	578		SOLID WASTE UTILITIES	\$2,500.00	\$0.00	\$0.00	\$2,500.00	\$2,310.08	\$189.92
61	01	212	592		SOLID WASTE VEHICLE MAINT. & REPAIR	\$4,500.00	\$0.00	(\$1,250.00)	\$3,250.00	\$3,155.89	\$94.11
61	01	212	725		SOLID WASTE EQUIPMENT	\$1,500.00	\$0.00	\$19,800.00	\$21,300.00	\$21,264.00	\$36.00
61	01	233	507		MENTAL HEALTH & RETARDATION	\$5,880.00	\$0.00	(\$5,880.00)	\$0.00	\$0.00	\$0.00
61	01	305	507		SENIOR CITIZEN PROGRAM	\$10,000.00	\$0.00	(\$10,000.00)	\$0.00	\$0.00	\$0.00
61	01	401	398		KAY JAY CONTRACT SERVICES	\$2,400.00	\$0.00	\$3,200.00	\$5,600.00	\$5,542.00	\$58.00
61	01	401	467		KAY JAY MATERIALS & SUPPLIES	\$500.00	\$0.00	\$100.00	\$600.00	\$579.65	\$20.35
61	01	401	578		KAY JAY UTILITIES	\$200.00	\$0.00	\$300.00	\$500.00	\$439.05	\$60.95
61	01	100	601		PRINCIPAL ON GENERAL OBLIGATION BONDS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
61	01	100	605		INTEREST ON GENERAL OBLIGATION BOND	\$550,000.00	\$0.00	\$270,000.00)	\$280,000.00	\$0.00	\$280,000.00
61	01	500	607		INTEREST ON NOTES	\$0.00	\$0.00	\$77,700.00	\$77,700.00	\$77,617.12	\$82.88
61	01	700	602		PRINCIPAL ON LEASE	\$0.00	\$0.00	\$62,000.00	\$62,000.00	\$61,884.47	\$115.53
61	01	100	307		STATE AUDITING SERVICES	\$25,000.00	\$0.00	\$1,050.00	\$26,050.00	\$26,016.85	\$33.15
61	01	100	521		INSURANCE	\$90,000.00	\$0.00	\$31,050.00	\$121,050.00	\$120,038.68	\$1,011.32
61	01	100	551		MEMBERSHIPS	\$10,000.00	\$0.00	(\$900.00)	\$9,100.00	\$1,017.95	\$8,082.05

61	01	100	556		KMCA DUES	\$0.00	\$0.00	\$1,600.00	\$1,600.00	\$1,585.85	\$14.15
61	01	100	569		REGISTRATION, CONFERENCES & TRAINING	\$10,000.00	\$0.00	\$13,300.00	\$23,300.00	\$20,460.38	\$2,839.62
61	01	200	999		RESERVE FOR TRANSFERS	\$589,704.28	(\$336,875.89)	\$252,806.00	\$22.39	\$0.00	\$22.39
61	01	400	201		SOCIAL SECURITY, CO. MATCH	\$80,000.00	\$0.00	\$0.00	\$80,000.00	\$68,150.56	\$11,849.44
61	01	400	202		RETIREMENT, CO. MATCH	\$126,500.00	\$0.00	\$0.00	\$126,500.00	\$100,471.48	\$26,028.52
61	01	400	205		EMPLOYEE HEALTH INSURANCE	\$300,000.00	\$0.00	\$0.00	\$300,000.00	\$288,834.21	\$11,165.79
61	01	400	208		UNEMPLOYMENT COMPENSATION INSURANCE	\$18,000.00	\$0.00	\$19,200.00	\$37,200.00	\$37,178.44	\$21.56
61	01	400	209		WORKMEN'S COMPENSATION	\$31,000.00	\$0.00	\$103,300.00	\$134,300.00	\$107,372.99	\$26,927.01
61	02	103	102		ROAD SUPERVISOR SALARY	\$25,000.00	\$0.00	\$1.00	\$25,001.00	\$25,000.04	\$0.96
61	02	103	578		UTILITIES	\$2,500.00	\$0.00	\$0.00	\$2,500.00	\$1,894.98	\$605.02
61	02	105	143		ROAD WORKERS SALARIES	\$385,000.00	\$0.00	(\$87,360.00)	\$297,640.00	\$296,730.57	\$909.43
61	02	105	167		ROAD DEPT. CLERICAL	\$14,560.00	\$0.00	(\$14,560.00)	\$0.00	\$0.00	\$0.00
61	02	105	179		PART TIME CLERICAL	\$12,792.00	\$0.00	(\$12,792.00)	\$0.00	\$0.00	\$0.00
61	02	105	302		ROAD PRINTING & ADVERTISING	\$5,000.00	\$0.00	(\$4,800.00)	\$200.00	\$152.00	\$48.00
61	02	105	312		CONTRACTED CONSTRUCTION-BRIDGES	\$278,075.72	\$428,018.00	\$158,100.00	\$547,993.72	\$527,505.00	\$20,488.72
61	02	105	348		LITTER ABATEMENT SUPPORT	\$22,000.00	\$23,473.12	(\$5,770.00)	\$39,703.12	\$23,820.52	\$15,882.60
61	02	105	366		GARBAGE SERVICE	\$1,800.00	\$0.00	\$0.00	\$1,800.00	\$1,500.00	\$300.00
61	02	105	373		CONTRACT LABOR	\$10,000.00	\$100,000.00	\$285,937.00	\$395,937.00	\$396,338.08	(\$401.08)
61	02	105	398	2	ROAD CONTRACT SERVICES/ FEMA	\$0.00	\$95,102.41	(\$63,800.00)	\$31,302.41	\$30,531.42	\$770.99

61	02	105	406		BUILDING MAINTENANCE & SUPPLIES	\$14,000.00	\$0.00	(\$13,350.00)	\$650.00	\$610.97	\$39.03
61	02	105	441		NEW MACHINERY AND EQUIPMENT	\$300,000.00	\$370,378.83	(\$17,100.00)	\$653,278.83	\$652,363.53	\$915.30
61	02	105	443		MOTOR VEHICLE REPAIR PARTS	\$60,000.00	\$0.00	\$23,400.00	\$83,400.00	\$83,389.35	\$10.65
61	02	105	445		OFFICE SUPPLIES	\$3,000.00	\$0.00	(\$400.00)	\$2,600.00	\$1,780.67	\$819.33
61	02	105	447		ROAD MATERIALS	\$600,000.00	\$0.00	\$216,499.85	\$816,499.85	\$805,982.47	\$10,517.38
61	02	105	447	3	ROAD MATERIALS-FEMA3	\$0.00	\$0.00	\$51,000.00	\$51,000.00	\$50,852.12	\$147.88
61	02	105	447	4	ROAD MATERIALS-FEMA4	\$0.00	\$0.00	\$7,400.00	\$7,400.00	\$7,348.24	\$51.76
61	02	105	455		PETROLEUM PRODUCTS	\$42,000.00	\$0.00	\$41,289.00	\$83,289.00	\$73,262.67	\$10,026.33
61	02	105	499		MISC. MATERIALS & SUPPLIES	\$1,000.00	\$0.00	\$15,300.00	\$16,300.00	\$16,315.33	(\$15.33)
61	02	105	503		BANK CHARGES	\$25.00	\$0.00	\$0.00	\$25.00	\$24.14	\$0.86
61	02	105	513		FORESTRY	\$0.00	\$0.00	\$60.00	\$60.00	\$54.70	\$5.30
61	02	105	573		ROAD TELEPHONE	\$2,300.00	\$0.00	\$300.00	\$2,600.00	\$2,473.40	\$126.60
61	02	700	602		PRINCIPAL ON LEASE	\$68,837.38	\$0.00	\$8,600.00	\$77,437.38	\$75,536.35	\$1,901.03
61	02	700	606		INTEREST ON LEASE	\$4,306.78	\$0.00	\$950.00	\$5,256.78	\$5,007.94	\$248.84
61	02	100	307		AUDIT	\$5,000.00	\$0.00	(\$5,000.00)	\$0.00	\$0.00	\$0.00
61	02	100	521		INSURANCE	\$25,000.00	\$0.00	(\$25,000.00)	\$0.00	\$0.00	\$0.00
61	02	200	999		RESERVE FOR TRANSFERS	\$0.00	\$48,999.85	(\$48,999.85)	\$0.00	\$0.00	\$0.00
61	02	400	201		SOCIAL SECURITY COUNTY MATCH	\$23,103.00	\$0.00	\$2,110.00	\$25,213.00	\$25,206.32	\$6.68

61	02	400	202		RETIREMENT, COUNTY MATCH	\$21,254.00	\$0.00	\$1,400.00	\$22,654.00	\$22,638.00	\$16.00
61	02	400	205		EMPLOYEE HEALTH INSURANCE	\$53,760.00	\$0.00	\$6,600.00	\$60,360.00	\$61,368.78	(\$1,008.78)
61	02	400	208		UNEMPLOYMENT	\$4,000.00	\$0.00	(\$4,000.00)	\$0.00	\$0.00	\$0.00
61	02	400	209		WORKERS' COMPENSATION	\$14,085.00	\$0.00	(\$14,085.00)	\$0.00	\$0.00	\$0.00
61	03	101	101		JAILERS SALARY	\$54,645.37	\$0.00	\$0.00	\$54,645.37	\$52,547.82	\$2,097.55
61	03	101	103		JAIL PERSONNEL SALARIES	\$120,000.00	\$0.00	(\$9,000.00)	\$111,000.00	\$107,771.64	\$3,228.36
61	03	101	212		JAILERS TRAINING FRINGE	\$688.00	\$0.00	\$1,700.00	\$2,388.00	\$773.24	\$1,614.76
61	03	101	314		CONTRACTS WITH OTHER COUNTIES	\$832,200.00	\$0.00	\$21,700.00	\$853,900.00	\$853,779.40	\$120.60
61	03	101	332		JAIL LEGAL FEES	\$5,000.00	\$0.00	(\$5,000.00)	\$0.00	\$0.00	\$0.00
61	03	101	334		BUILDING REPAIR	\$50,000.00	\$0.00	(\$49,700.00)	\$300.00	\$227.99	\$72.01
61	03	101	336		EQUIPMENT REPAIR	\$5,000.00	\$0.00	(\$1,500.00)	\$3,500.00	\$3,459.58	\$40.42
61	03	101	346		PEST CONTROL	\$400.00	\$0.00	\$0.00	\$400.00	\$360.00	\$40.00
61	03	101	366		GARBAGE SERVICE	\$1,500.00	\$0.00	\$300.00	\$1,800.00	\$1,620.00	\$180.00
61	03	101	425		FOOD	\$6,000.00	\$0.00	\$0.00	\$6,000.00	\$5,269.34	\$730.66
61	03	101	445		OFFICE SUPPLIES	\$2,000.00	\$0.00	\$7,000.00	\$9,000.00	\$8,046.91	\$953.09
61	03	101	455		PETROLEUM PRODUCTS	\$10,000.00	\$0.00	\$6,400.00	\$16,400.00	\$14,601.47	\$1,798.53
61	03	101	481		STAFF UNIFORMS	\$2,000.00	\$0.00	(\$2,000.00)	\$0.00	\$0.00	\$0.00
61	03	101	499		OTHER MATERIALS AND SUPPLIES	\$1,000.00	\$0.00	\$3,000.00	\$4,000.00	\$3,593.65	\$406.35
61	03	101	549		ROUTINE MEDICAL	\$150,000.00	\$0.00	(\$2,000.00)	\$148,000.00	\$70,364.53	\$77,635.47

61	03	101	573		TELEPHONE		\$2,500.00	\$0.00	\$200.00	\$2,700.00	\$2,640.11	\$59.89
61	03	101	578		UTILITIES		\$12,000.00	\$0.00	\$0.00	\$12,000.00	\$10,173.71	\$1,826.29
61	03	101	592		MOTOR VEHICLE REPAIR		\$3,000.00	\$0.00	\$0.00	\$3,000.00	\$2,660.40	\$339.60
61	03	102	314		CONTRACTS WITH OTHER CO - JUVENILES		\$20,000.00	\$0.00	\$40,000.00	\$60,000.00	\$42,341.27	\$17,658.73
61	03	700	602		PRINCIPAL ON LEASE		\$21,638.65	\$0.00	\$0.00	\$21,638.65	\$21,638.65	\$0.00
61	03	700	606		INTEREST ON LEASE		\$20,228.72	\$0.00	\$0.00	\$20,228.72	\$19,216.41	\$1,012.31
61	03	100	551		MEMBERSHIP DUES		\$350.00	\$0.00	\$0.00	\$350.00	\$250.00	\$100.00
61	03	100	569		STAFF TRAINING		\$800.00	\$0.00	\$400.00	\$1,200.00	\$1,159.76	\$40.24
61	03	200	999		RESERVE FOR TRANSFERS		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
61	03	300	999		TRANSFERS		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
61	03	400	201		SOCIAL SECURITY, COUNTY SHARE		\$20,607.00	\$0.00	\$0.00	\$20,607.00	\$11,740.15	\$8,866.85
61	03	400	202		RETIREMENT, COUNTY SHARE		\$19,772.00	\$0.00	\$0.00	\$19,772.00	\$12,755.03	\$7,016.97
61	03	400	203		EMPLOYEE INSURANCE		\$35,500.00	\$0.00	\$0.00	\$35,500.00	\$29,858.75	\$5,641.25
61	03	400	208		UNEMPLOYMENT INSURANCE		\$4,600.00	\$0.00	(\$4,600.00)	\$0.00	\$0.00	\$0.00
61	03	400	209		WORKERS COMPENSATION		\$7,893.00	\$0.00	(\$6,900.00)	\$993.00	\$0.00	\$993.00
61	04	010	348		COAL SEVERANCE / CLERK		\$0.00	\$20,000.00	\$0.00	\$20,000.00	\$0.00	\$20,000.00
61	04	010	705	001	KNOX CO. CLERK-DATA PROCESSING EQUIP.		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
61	04	101	314		JAIL CONTRACTS WITH OTHER COUNTIES		\$280,628.74	\$0.00	(\$5,000.00)	\$275,628.74	\$0.00	\$275,628.74
61	04	105	348		COAL SEVERANCE / SHERIFF& POLICE		\$30,000.00	\$50,000.00	\$0.00	\$80,000.00	\$0.00	\$80,000.00

61	04	120	348		COAL SEVERANCE / FIRE DEPARTMENTS	\$200,000.00	\$160,000.00	\$0.00	\$360,000.00	\$0.00	\$360,000.00
61	04	140	348		COAL SEVERANCE / AMBULANCE	\$30,000.00	\$0.00	\$0.00	\$30,000.00	\$0.00	\$30,000.00
61	04	220	579		WATER PROJECTS	\$2,456,400.00	\$225,000.00	\$226,400.00	\$2,455,000.00	\$672,584.57	\$1,782,415.43
61	04	305	356		COAL SEVERANCE / SENIOR CITIZENS	\$0.00	\$0.00	\$5,000.00	\$5,000.00	\$5,000.00	\$0.00
61	04	500	603		PRINCIPAL ON NOTE	\$0.00	\$0.00	\$225,000.00	\$225,000.00	\$225,000.00	\$0.00
61	04	500	607		INTEREST ON NOTE	\$0.00	\$0.00	\$1,400.00	\$1,400.00	\$1,393.90	\$6.10
61	04	300	999		TRANSFERS TO OTHER FUNDS	\$0.00	\$0.00	\$185,730.00	(\$185,730.00)	\$0.00	(\$185,730.00)
61	13	215	348		STINKING CREEK EPA GRANT SUPPORT	\$22,459.94	\$0.00	\$0.00	\$22,459.94	\$10,765.98	\$11,693.96
61	23	047	902		PAYMENTS TO GOVERNMENTAL AGENCIES	\$0.00	\$0.00	\$0.00	\$0.00	\$199,369.13	(\$199,369.13)
61	75	145	107		911 DIRECTOR	\$23,000.00	\$0.00	\$7,500.00	\$30,500.00	\$23,000.12	\$7,499.88
61	75	145	131		911 DATABASE TECHNICIAN	\$20,800.00	\$0.00	\$3,900.00	\$24,700.00	\$23,345.00	\$1,355.00
61	75	145	167		911 CLERICAL	\$14,560.00	\$0.00	\$0.00	\$14,560.00	\$12,029.50	\$2,530.50
61	75	145	340		911 VEHICLE MAINTENANCE	\$1,500.00	\$0.00	\$0.00	\$1,500.00	\$421.51	\$1,078.49
61	75	145	398		911 CONTRACT SERVICES	\$120,000.00	\$0.00	\$0.00	\$120,000.00	\$100,905.37	\$19,094.63
61	75	145	441		911 OFFICE EQUIPMENT	\$0.00	\$0.00	\$3,400.00	\$3,400.00	\$3,389.62	\$10.38
61	75	145	455		911 PETROLEUM PRODUCTS	\$1,200.00	\$0.00	\$1,400.00	\$2,600.00	\$1,520.06	\$1,079.94
61	75	145	499		911 MISC. SUPPLIES & MATERIALS	\$1,000.00	\$0.00	\$7,500.00	\$8,500.00	\$8,031.65	\$468.35
61	75	145	573		911 TELEPHONE / CELL PHONE	\$3,500.00	\$0.00	\$93,000.00	\$96,500.00	\$84,298.37	\$12,201.63

61	75	145	578	911 UTILITIES		\$240.00	\$0.00	\$300.00	\$540.00	\$346.41	\$193.59
61	75	145	588	911 EQUIPMENT MAINTENANCE		\$10,000.00	\$0.00	\$0.00	\$10,000.00	\$3,110.10	\$6,889.90
61	75	145	725	911 EQUIPMENT		\$60,000.00	\$0.00	\$0.00	\$60,000.00	\$35,697.93	\$24,302.07
61	75	100	569	911 CONFERENCE/REGISTRATIO		\$1,000.00	\$0.00	\$0.00	\$1,000.00	\$496.34	\$503.66
61	75	200	999	RESERVE FOR TRANSFER		\$155,100.00	\$0.00	\$123,100.00	\$32,000.00	\$0.00	\$32,000.00
61	75	400	201	MATCHING SOCIAL SECURITY		\$5,900.00	\$0.00	\$0.00	\$5,900.00	\$4,242.29	\$1,657.71
61	75	400	202	MATCHING RETIREMENT		\$5,700.00	\$0.00	\$0.00	\$5,700.00	\$4,922.79	\$777.21
61	75	400	205	FRINGE MEDICAL		\$11,500.00	\$0.00	\$6,100.00	\$17,600.00	\$16,520.97	\$1,079.03
61	76	145	445	OFFICE SUPPLIES		\$0.00	\$0.00	\$15.00	\$15.00	\$13.80	\$1.20
61	76	145	725	EQUIPMENT		\$45,250.00	\$0.00	(\$15.00)	\$45,235.00	\$33,151.67	\$12,083.33
61	77	075	445	OFFICE SUPPLIES		\$0.00	\$0.00	\$100.00	\$100.00	\$25.50	\$74.50
61	77	075	548	BEAUTIFICATION PROJECT		\$0.00	\$0.00	\$2,000.00	\$2,000.00	\$1,980.26	\$19.74
61	77	075	730	ROAD PROJECTS		\$850,000.00	\$0.00	(\$100.00)	\$849,900.00	\$362,859.09	\$487,040.91
61	77	135	739	DES OTHER EQUIPMENT		\$0.00	\$0.00	\$8,200.00	\$8,200.00	\$8,188.25	\$11.75
61	77	136	574	DES TRAINING - HS		\$0.00	\$2,666.00	\$0.00	\$2,666.00	\$0.00	\$2,666.00
61	77	136	594	DES EOP PROGRAM - HS		\$0.00	\$2,500.00	\$0.00	\$2,500.00	\$0.00	\$2,500.00
61	77	225	313	SANITARY SEWER EXTENSION - IND. PARK		\$395,234.00	\$344,105.00	\$161,000.00	\$900,339.00	\$899,676.00	\$663.00
61	77	225	313	1 SANITARY SEWER EXTENSION - BIMBLE		\$0.00	\$872,075.00	\$290,200.00	\$581,875.00	\$204,108.31	\$377,766.69
61	77	225	398	CONTRACTED SERVICES/DUMP CLEANUP		\$0.00	\$0.00	\$119,000.00	\$119,000.00	\$0.00	\$119,000.00

61	78	230	323		HOSPITAL CONTRACT ENGINEERING SERVICES	\$0.00	\$0.00	\$10,000.00	\$10,000.00	\$8,940.00	\$1,060.00
61	78	230	332		HOSPITAL LEGAL FEES	\$0.00	\$0.00	\$130,000.00	\$130,000.00	\$124,771.73	\$5,228.27
61	78	500	603		PRINCIPAL ON NOTES	\$0.00	\$0.00	\$200,000.00	\$200,000.00	\$196,245.30	\$3,754.70
61	78	500	607		INTEREST ON NOTES	\$0.00	\$0.00	\$135,000.00	\$135,000.00	\$132,257.17	\$2,742.83
61	78	200	999		RESERVE FOR TRANSFER	\$0.00	\$4,160,000.00	\$475,000.00	\$3,685,000.00	\$0.00	\$3,685,000.00
61	79	075	503		BANK CHARGES	\$0.00	\$0.00	\$0.00	\$0.00	\$60.00	(\$60.00)
61	79	075	548		ECONOMIC DEVELOPMENT - SEKBP	\$0.00	\$0.00	\$0.00	\$0.00	\$98,331.60	(\$98,331.60)
61	79	075	566		REIMBURSEMENTS	\$0.00	\$0.00	\$0.00	\$0.00	\$448.09	(\$448.09)
61	01	001	101		JUDGE/EXECUTIVE SALARY	\$70,753.00	\$0.00	\$0.00	\$70,753.00	\$69,188.64	\$1,564.36
61	01	001	103		JUDGE/EXECUTIVE DEPUTY SALARY	\$40,000.00	\$0.00	\$0.00	\$40,000.00	\$39,999.96	\$0.04
61	01	001	104		JUDGE/EXECUTIVE FINANCE OFFICER	\$20,800.00	\$0.00	\$0.00	\$20,800.00	\$20,187.50	\$612.50
61	01	001	105		JUDGE/EXECUTIVE ADMIN. ASSISTANT	\$16,640.00	\$0.00	\$0.00	\$16,640.00	\$9,280.00	\$7,360.00
61	01	001	167		JUDGE/EXECUTIVE CLERICAL	\$15,560.00	\$0.00	\$0.00	\$15,560.00	\$14,024.83	\$1,535.17
61	01	001	179		JUDGE/EXECUTIVE TEMP/PART-TIME CLERICAL	\$1,000.00	\$0.00	(\$1,000.00)	\$0.00	\$0.00	\$0.00
61	01	001	212		JUDGE/EXECUTIVE TRAINING	\$758.96	\$0.00	\$0.00	\$1,650.00	\$2,395.35	\$13.61
61	01	001	445		JUDGE/EXECUTIVE OFFICE SUPPLIES	\$9,000.00	\$0.00	\$0.00	\$14,000.00	\$13,975.86	\$24.14
61	01	001	499		JUDGE/EXECUTIVE MISC. SUPPLIES	\$1,000.00	\$0.00	\$0.00	\$6,500.00	\$6,749.89	\$750.11
61	01	001	563		JUDGE/EXECUTIVE POSTAGE	\$500.00	\$0.00	\$0.00	\$500.00	\$457.69	\$42.31
61	01	001	573		JUDGE/EXECUTIVE TELEPHONE	\$10,000.00	\$0.00	\$0.00	\$13,800.00	\$13,782.72	\$17.28

61	01	001	0725	JUDGE/EXECUTIVE OFFICE EQUIPMENT	\$5,000.00	\$0.00	(\$5,000.00)	\$0.00	\$0.00	\$0.00	\$0.00
61	01	005	0101	COUNTY ATTORNEY SALARY	\$11,400.00	\$0.00	\$0.00	\$11,400.00	\$11,390.08	\$9.92	
61	01	005	0165	COUNTY ATTORNEY SECRETARY	\$24,240.00	\$0.00	\$350.00	\$24,590.00	\$24,560.06	\$29.94	
61	01	005	0445	COUNTY ATTORNEY OFFICE SUPPLIES	\$1,800.00	\$0.00	\$700.00	\$2,500.00	\$2,360.11	\$139.89	
61	01	005	0573	COUNTY ATTORNEY TELEPHONE	\$1,800.00	\$0.00	\$1,480.00	\$3,280.00	\$3,135.26	\$144.74	
61	01	010	0302	COUNTY CLERK ADVERTISING	\$250.00	\$0.00	\$0.00	\$250.00	\$80.00	\$170.00	
61	01	010	0307	COUNTY CLERK AUDIT	\$1,000.00	\$0.00	\$2,650.00	\$3,650.00	\$3,630.12	\$19.88	
61	01	010	0364	COUNTY CLERK RENT	\$6,000.00	\$0.00	\$500.00	\$6,500.00	\$6,500.00	\$0.00	
61	01	010	0368	COUNTY CLERK TAX BILLS	\$8,000.00	\$0.00	\$2,000.00	\$10,000.00	\$8,798.65	\$1,201.35	
61	01	010	0573	COUNTY CLERK TELEPHONE	\$13,000.00	\$0.00	\$1,400.00	\$14,400.00	\$14,352.89	\$47.11	
61	01	010	0578	COUNTY CLERK UTILITIES	\$1,500.00	\$0.00	\$0.00	\$1,500.00	\$1,423.10	\$76.90	
61	01	010	0705	COUNTY CLERK COMPUTER EQUIPMENT	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
61	01	015	0101	COUNTY SHERIFF	\$70,753.00	\$0.00	\$1,100.00	\$71,853.00	\$71,768.94	\$84.06	
61	01	015	0103	SHERIFF DEPUTY SALARIES	\$280,000.00	\$0.00	(\$3,600.00)	\$276,400.00	\$239,776.06	\$36,623.94	
61	01	015	0103	SHERIFF DEPUTY SALARIES (FISCAL COURT)	\$0.00	\$0.00	\$73,000.00	\$73,000.00	\$72,451.13	\$548.87	
61	01	015	0181	SHERIFF DEPUTY INCENTIVE PAY	\$17,000.00	\$0.00	\$9,000.00	\$26,000.00	\$20,495.46	\$5,504.54	
61	01	015	0212	SHERIFF TRAINING	\$0.00	\$0.00	\$1,550.00	\$1,550.00	\$1,546.48	\$3.52	
61	01	015	0302	SHERIFF ADVERTISING DELINQUENT TAXES	\$15,000.00	\$0.00	\$4,225.00	\$19,225.00	\$19,222.00	\$3.00	

61	01	015	307		SHERIFF AUDIT FEE		\$605.00		\$0.00	\$15,450.00	\$16,055.00	\$9,754.24	\$6,300.76
61	01	015	340		SHERIFF VEHICLE MAINTENANCE		\$15,000.00		\$0.00	\$12,500.00	\$27,500.00	\$25,664.56	\$1,835.44
61	01	015	399		SHERIFF TRANSPORTATION OF INMATES		\$6,500.00		\$0.00	(\$4,450.00)	\$2,050.00	\$891.77	\$1,158.23
61	01	015	445		SHERIFF OFFICE MATERIALS AND SUPPLIES		\$8,000.00		\$0.00	\$4,150.00	\$12,150.00	\$12,123.14	\$26.86
61	01	015	455		SHERIFF PETROLEUM PRODUCTS		\$35,000.00		\$0.00	\$19,900.00	\$54,900.00	\$49,737.60	\$5,162.40
61	01	015	481		SHERIFF UNIFORMS		\$5,000.00		\$0.00	(\$800.00)	\$4,200.00	\$4,164.03	\$35.97
61	01	015	499		SHERIFF OTHER SUPPLIES AND MATERIALS		\$1,000.00		\$0.00	\$2,275.00	\$3,275.00	\$2,796.19	\$478.81
61	01	015	531		SHERIFF INSURANCE & BONDS		\$500.00		\$0.00	\$0.00	\$500.00	\$182.70	\$317.30
61	01	015	551		SHERIFF MEMBERSHIP DUES		\$500.00		\$0.00	\$50.00	\$550.00	\$504.16	\$45.84
61	01	015	563		SHERIFF POSTAGE		\$7,500.00		\$0.00	\$1,300.00	\$8,800.00	\$8,510.00	\$290.00
61	01	015	573		SHERIFF TELEPHONE		\$11,000.00		\$0.00	(\$5,000.00)	\$6,000.00	\$5,565.39	\$434.61
61	01	015	574		SHERIFF DEPUTY TRAINING		\$1,500.00		\$0.00	(\$1,500.00)	\$0.00	\$0.00	\$0.00
61	01	015	723		SHERIFF VEHICLES		\$0.00		\$13,735.00	\$0.00	\$13,735.00	\$0.00	\$13,735.00
61	01	020	101		CORONER SALARY		\$15,833.00		\$0.00	\$0.00	\$15,833.00	\$15,832.96	\$0.04
61	01	020	103		CORONER DEPUTY SALARY		\$5,200.00		\$0.00	\$0.00	\$5,200.00	\$5,200.00	\$0.00
61	01	020	308		CORONER AUTOPSY TRIPS		\$2,500.00		\$0.00	\$1,500.00	\$4,000.00	\$3,584.00	\$416.00
61	01	020	446		CORONER SUPPLIES		\$500.00		\$0.00	(\$500.00)	\$0.00	\$0.00	\$0.00
61	01	020	531		CORONER DEPUTY BOND		\$200.00		\$0.00	\$0.00	\$200.00	\$81.20	\$118.80
61	01	025	101		FISCAL COURT MAGISTRATES SALARY		\$93,220.00		\$0.00	\$1.00	\$93,221.00	\$93,220.40	\$0.60

61	01	025	167		FISCAL COURT CLERK SALARY	\$1,300.00	\$0.00	\$0.00	\$1,300.00	\$1,300.00	\$0.00
61	01	025	210		FISCAL COURT EXPENSE ALLOWANCE	\$24,000.00	\$0.00	(\$6,000.00)	\$18,000.00	\$18,000.00	\$0.00
61	01	025	212		FISCAL COURT MAGISTRATES' TRAINING	\$6,071.68	\$0.00	\$7,500.00	\$13,571.68	\$13,523.23	\$48.45
61	01	025	302		FISCAL COURT ADVERTISING	\$5,000.00	\$0.00	\$500.00	\$5,500.00	\$5,257.55	\$242.45
61	01	025	318		FISCAL COURT DATA PROCESSING	\$0.00	\$0.00	\$5,300.00	\$5,300.00	\$5,300.00	\$0.00
61	01	025	332		FISCAL COURT LEGAL FEES	\$20,000.00	\$0.00	(\$12,103.00)	\$7,897.00	\$812.50	\$7,084.50
61	01	030	302		PVA ADVERTISING	\$100.00	\$0.00	\$0.00	\$100.00	\$0.00	\$100.00
61	01	030	367		PVA STATUTORY CONTRIBUTION	\$34,666.00	\$0.00	\$16,525.00	\$51,191.00	\$42,991.00	\$8,200.00
61	01	030	573		PVA TELEPHONE	\$2,000.00	\$0.00	\$200.00	\$2,200.00	\$2,179.99	\$20.01
61	01	035	191		BOARD OF ASSESSMENT APPEALS	\$500.00	\$0.00	\$700.00	\$1,200.00	\$1,200.00	\$0.00
61	01	040	102		TREASURER - SALARY	\$25,000.00	\$0.00	\$1.00	\$25,001.00	\$25,000.04	\$0.96
61	01	040	445		TREASURER OFFICE SUPPLIES	\$1,000.00	\$0.00	\$0.00	\$1,000.00	\$27.99	\$972.01
61	01	040	531		TREASURER BOND	\$0.00	\$0.00	\$4,950.00	\$4,950.00	\$4,925.80	\$24.20
61	01	040	725		TREASURER EQUIPMENT	\$2,500.00	\$0.00	\$0.00	\$2,500.00	\$0.00	\$2,500.00
61	01	047	142		OCCUPATIONAL TAX ADMINISTRATOR	\$21,000.00	\$0.00	\$2,750.00	\$23,750.00	\$23,748.70	\$1.30
61	01	047	318		OCCUPATIONAL TAX DATA PROCESSING	\$1,500.00	\$0.00	\$150.00	\$1,650.00	\$1,621.78	\$28.22
61	01	047	445		OCCUPATIONAL TAX SUPPLIES	\$1,500.00	\$0.00	(\$50.00)	\$1,450.00	\$1,330.64	\$119.36
61	01	047	503		OCCUPATIONAL TAX BANK CHARGES	\$100.00	\$0.00	\$0.00	\$100.00	\$6.00	\$94.00
61	01	047	563		OCCUPATIONAL TAX POSTAGE	\$2,500.00	\$0.00	(\$750.00)	\$1,750.00	\$1,406.04	\$343.96

61	01	047	567		OCCUPATIONAL TAX REFUNDS		\$500.00		\$0.00		\$0.00	\$500.00	\$0.00	\$500.00
61	01	047	573		OCCUPATIONAL TAX TELEPHONE		\$400.00		\$0.00		\$0.00	\$400.00	\$276.04	\$123.96
61	01	047	576		OCCUPATIONAL TAX TRAVEL		\$500.00		\$0.00		\$400.00	\$900.00	\$813.82	\$86.18
61	01	047	725		OCCUPATIONAL TAX OFFICE EQUIPMENT		\$1,500.00		\$0.00		\$0.00	\$1,500.00	\$450.00	\$1,050.00
61	01	060	101		LAW LIBRARY		\$1,200.00		\$0.00		\$0.00	\$1,200.00	\$1,000.00	\$200.00
61	01	065	192		ELECTION OFFICERS SALARIES/MILEAGE		\$16,300.00		\$0.00		\$300.00	\$16,600.00	\$16,062.30	\$537.70
61	01	065	193		ELECTION COMMISSIONERS SALARIES		\$2,000.00		\$0.00		\$2,000.00	\$4,000.00	\$4,000.00	\$0.00
61	01	065	302		ELECTION ADVERTISING		\$6,600.00		\$0.00		(\$4,100.00)	\$2,500.00	\$2,500.00	\$0.00
61	01	065	341		ELECTION MAINTENANCE & REPAIR		\$8,000.00		\$0.00		\$1,200.00	\$9,200.00	\$9,145.80	\$54.20
61	01	065	347		ELECTIONS POLLING PLACES RENTAL		\$1,200.00		\$0.00		\$0.00	\$1,200.00	\$1,200.00	\$0.00
61	01	065	399		ELECTIONS DELIVERY OF VOTING MACHINES		\$500.00		\$0.00		\$600.00	\$1,100.00	\$1,062.00	\$38.00
61	01	075	446		ECONOMIC DEVELOPMENT		\$10,000.00		\$0.00		(\$3,000.00)	\$7,000.00	\$7,000.00	\$0.00
61	01	080	175		COURTHOUSE CUSTODIAL PERSONNEL		\$47,000.00		\$0.00		\$5,200.00	\$52,200.00	\$52,105.51	\$94.49
61	01	080	177		COURTHOUSE MAINT. & GROUNDS PERSONNEL		\$24,000.00		\$0.00		\$1,400.00	\$25,400.00	\$25,239.02	\$160.98
61	01	080	336		COURTHOUSE MAINTENANCE & REPAIR		\$40,000.00		\$0.00		(\$7,900.00)	\$32,100.00	\$26,656.58	\$5,443.42
61	01	080	366		COURTHOUSE GARBAGE COLLECTION		\$1,800.00		\$0.00		\$0.00	\$1,800.00	\$1,500.00	\$300.00
61	01	080	406		COURTHOUSE SUPPLIES		\$8,000.00		\$0.00		\$2,000.00	\$10,000.00	\$9,437.55	\$562.45
61	01	080	570		COURTHOUSE RENEWAL & REPAIR		\$10,000.00		\$0.00		(\$5,600.00)	\$4,400.00	\$2,838.92	\$1,561.08

61	01	080	578		COURTHOUSE UTILITIES		\$30,000.00		\$0.00	\$1,900.00	\$31,900.00	\$31,578.59	\$321.41
61	01	080	725		COURTHOUSE EQUIPMENT		\$2,500.00		\$0.00	(\$1,750.00)	\$750.00	\$750.00	\$0.00
61	01	135	107		DES SALARY		\$17,000.00		\$0.00	\$1,001.00	\$18,001.00	\$18,000.06	\$0.94
61	01	135	445		DES OFFICE SUPPLIES		\$500.00		\$0.00	(\$500.00)	\$0.00	\$0.00	\$0.00
61	01	135	455		DES PETROLEUM PRODUCTS		\$2,000.00		\$0.00	\$1,700.00	\$3,700.00	\$3,253.90	\$446.10
61	01	135	574		DES TRAINING		\$1,500.00		\$0.00	(\$1,500.00)	\$0.00	\$0.00	\$0.00
61	01	135	739		DES EQUIPMENT		\$0.00		\$0.00	\$4,515.00	\$4,515.00	\$4,466.48	\$48.52
61	01	150	513		FORESTRY		\$0.00		\$0.00	\$3,616.00	\$3,616.00	\$3,616.00	\$0.00
61	01	175	573		PUBLIC ADVOCACY TELEPHONE		\$1,500.00		\$0.00	\$400.00	\$1,900.00	\$1,566.70	\$333.30

COUNTY	FY Begin Date	FY End Date	County Judge Executiv	County Treasure
61 KNOX	20040701	20050630	RAYMOND C. SMITH	TAMMY WINE
FILING TYPE >>>	Date Submitted	System Date	Source	
4Q	20050630	20050803 08:39:41	FISUPL0	

Print This Record >>>>>>

CountyNum	61	FundCod	78	PrincipalMOC	7500	603	IssueDescriptio	Hospital - Equipment
IssueTerm	10.00	Interest Rate	4	Issue Date	20010531	Paymnt Due Date	20110520	
TotPrincipalAmt	\$1,115,000.00	TotInterestAmt	\$325,760.63	Total Issue	\$1,440,760.63			
PrincipalBalRe	\$730,000.00	InterestBalRemain	\$134,382.80	Reserve Earnings	\$0.00			\$864,382.80
CountyNum	61	FundCod	02	PrincipalMOC	7700	602	IssueDescriptio	Caterpillar Financial - Grader
IssueTerm	3.00	Interest Rate	4	Issue Date	20020530	Paymnt Due Date	20050610	
TotPrincipalAmt	\$163,746.00	TotInterestAmt	\$12,399.40	Total Issue	\$176,145.40			
PrincipalBalRe	\$0.00	InterestBalRemain	\$0.00	Reserve Earnings	\$0.00			\$0.00
CountyNum	61	FundCod	02	PrincipalMOC	7700	606	IssueDescriptio	John Deere Credit - Loader
IssueTerm	5.00	Interest Rate	3	Issue Date	20030410	Paymnt Due Date	20080310	
TotPrincipalAmt	\$118,300.00	TotInterestAmt	\$12,587.87	Total Issue	\$130,887.87			
PrincipalBalRe	\$71,863.58	InterestBalRemain	\$4,540.18	Reserve Earnings	\$0.00			\$76,403.76
CountyNum	61	FundCod	78	PrincipalMOC	7500	603	IssueDescriptio	General Obligation Bonds - Series 2004
IssueTerm	30.00	Interest Rate	5	Issue Date	20040601	Paymnt Due Date	20350601	
TotPrincipalAmt	\$3,395,000.00	TotInterestAmt	\$3,449,886.39	Total Issue	\$6,844,886.39			
PrincipalBalRe	\$3,395,000.00	InterestBalRemain	\$3,286,724.38	Reserve Earnings	\$0.00			\$6,681,724.38
CountyNum	61	FundCod	78	PrincipalMOC	7500	603	IssueDescriptio	General Obligation Bonds - Series 2004B

IssueTerm	30.00	Interest Rate		5	Issue Date		20040801	Payment Due Date		20060601	Final Payment Due	20360601
TotPrincipalAmt	\$6,670,000.00	TotInterestAmt			\$6,417,953.12	Total Issue		\$13,087,953.12				
PrincipalBalRe	\$6,670,000.00	InterestBalRemain			\$6,417,953.12	Reserve Earnings		\$0.00			Total Outstanding	\$13,087,953.12
CountyNum	61	FundCod	03		PrincipalMOC	7700	602	IssueDescriptio			KLFCFA Jail Lease - Refinance	
					InterestMOC	7700	606					
IssueTerm	10.00	Interest Rate		0	Issue Date		20041116	Payment Due Date		20051001	Final Payment Due	20141001
TotPrincipalAmt	\$276,310.10	TotInterestAmt			\$105,177.42	Total Issue		\$381,487.52				
PrincipalBalRe	\$276,310.10	InterestBalRemain			\$96,418.39	Reserve Earnings		\$0.00			Total Outstanding	\$372,728.49
CountyNum	61	FundCod	02		PrincipalMOC	7700	602	IssueDescriptio			KADD Lease - Equipment	
					InterestMOC	7700	606					
IssueTerm	5.00	Interest Rate		4	Issue Date		20050119	Payment Due Date		20050801	Final Payment Due	20100201
TotPrincipalAmt	\$485,000.00	TotInterestAmt			\$59,682.42	Total Issue		\$544,682.42				
PrincipalBalRe	\$485,000.00	InterestBalRemain			\$59,682.42	Reserve Earnings		\$0.00			Total Outstanding	\$544,682.42
CountyNum	61	FundCod	78		PrincipalMOC	7500	603	IssueDescriptio			General Obligation Bonds - Series 2005	
					InterestMOC	7500	607					
IssueTerm	30.00	Interest Rate		4	Issue Date		20050401	Payment Due Date		20061201	Final Payment Due	20351201
TotPrincipalAmt	\$4,250,000.00	TotInterestAmt			\$3,349,194.20	Total Issue		\$7,599,194.20				
PrincipalBalRe	\$4,250,000.00	InterestBalRemain			\$3,349,194.20	Reserve Earnings		\$0.00			Total Outstanding	\$7,599,194.20

COUNTY	FY Begin Date	FY End Date	County Judge Executiv	County Treasure
61 KNOX	20040701	20050630	RAYMOND C. SMITH	TAMMY WINE
FILING TYPE >>>	Date Submitted	System Date	Source	
4Q	20050630	20050803 08:39:41	FISUPL0	

Print This Record >>>>>>>>

CountyNum	Total Long Term Outstanding	Total Short Term Outstanding	Total Outstanding Debt
061	\$29,227,069.17	\$0.00	\$29,227,069.17

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KNOX COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended June 30, 2005

**KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Fiscal Year Ended June 30, 2005

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses no opinion on the financial activity of Knox County, Kentucky.
2. Fourteen (14) reportable conditions relating to the internal control of the audit of the financial statements are reported in the Independent Auditor's Report.
3. Fourteen (14) instances of noncompliance material to the financial statement of Knox County were disclosed during the audit.
4. There were three (3) reportable conditions relating to the audit of the major federal awards programs reported in the Independent Auditor's Report.
5. The auditor's report on compliance for the audit of the major federal awards programs for Knox County expresses an adverse opinion.
6. There are five (5) audit findings relative to the major federal awards programs for Knox County reported in this schedule.
7. The programs tested as major programs were: U. S. Department of Homeland Security and U. S. Department of Transportation.
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Knox County was not determined to be a low-risk auditee.

**KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Fiscal Year Ended June 30, 2005

2005-01 The County Should Ensure That The Same Level Of Health Insurance Benefits Are Provided To All County Employees As Stated In Kentucky Attorney General Opinion (OAG) 94-15

During the testing of payroll, auditors noted that county employees are not receiving the same level of health insurance benefits. Some employees are receiving county-paid family coverage while others are paying for the extra cost for family coverage. During fiscal year ended June 30, 2005, the County paid as much as \$600 per month per employee for the additional costs of the family plan over the single plan. The County's Administrative Code states on page 34 that the County pays for an individual health insurance policy but does not add that certain individuals will receive the family benefit as well. OAG 94-15 states, "the basic statute providing for governmentally funded health coverage (KRS 79.080) for public employees does not provide for one level of coverage for officers, and another level for employees. Accordingly, we believe such differing coverage would not be lawful as not authorized by statute." We recommend that the County comply with the Administrative Code and provide the same level of benefits to all county employees. We further recommend that the Fiscal Court seek legal advice from the County Attorney as to the legality of not providing the same level of health insurance coverage for all employees as stated in OAG 94-15.

County Judge/Executive Raymond C. Smith's Response:

The comment is correct insofar as it is presented; however, after reviewing the 2002 Audit, we asked officials from GOLD and the Office of the Auditor of Public Accounts to explain how we can legally lower compensation after it has been set by the previous fiscal court in accordance with the provisions of KRS 64.527, 64.285 and 64.530(6), which precludes any reduction for the elected official and/or members of his/her staff during the term of office. We recently received a response from GOLD indicating that it may be addressed on or before the First Monday in May of 2006 when compensation is set for the next administration. Judge Smith is aware the insurance program is not consistent with the County's Administrative Code and has indicated that he is prepared to address the issue on or before May 1, 2006.

Furthermore, the referenced statutes are not consistent with each other and the Attorney General's Opinion cited does not address a policy that has been in place ever since the county afforded family health insurance coverage to its elected officials, key officials and department heads. In several instances health insurance coverage for spouses and the employee was the deciding factor in accepting the compensation packages offered.

KRS 79.080 does not specifically disallow varying programs for various classes of employees and even allows for family coverage. It is our opinion that counties are given great latitude under the Home Rule Statute (KRS 67.080(1a)).

Auditor's Reply:

The Auditor reasserts its position that providing one level of health insurance coverage for elected officials and key employees, while providing a lesser level of coverage to other county employees, is not authorized by law, and may be, as OAG 94-15 states, unconstitutional. Further, the Governor's Office for Local Development concurred that "benefits" are not included in "compensation" for the purposes of this comment.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2005
(Continued)

2005-02 The Jail Canteen Account Should Be Closed

During review of the canteen fund, auditor noted a balance of \$21,547 in the jail canteen bank account. Since the jail is not in operation as a full service jail, and the canteen funds are restricted to expenditures for the recreation or benefit of inmates, we recommend that the Knox County Attorney consult with the Department of Corrections to determine proper disbursement of the funds.

County Judge/Executive Raymond C. Smith's Response:

We concur wholeheartedly. We have requested a solution to the close-out of the account from the Union National Bank, Auditor of Public Accounts, Department of Corrections and Governor's Office for a method to close the account as the Jail was closed on June 7, 2003. None of these agencies have been able to recommend a solution.

Auditor's Reply:

The Department of Corrections has advised that its staff is willing to assist Knox County.

2005-03 The County Should Improve Their Internal Control Procedures

The County has a lack of segregation of duties. Due to the entity's diversity of official operations, small size and budget restrictions the County has limited options for establishing an adequate segregation of duties. We recommend the following procedures be implemented to strengthen this internal control weakness:

- An independent person should list all receipts and agree them back to the treasurer's receipts ledger. Also, the employee opening the mail should keep a listing of all checks received for that day, detailing the date received, the check amount, who it is from, and what the check is for.
- An independent person should open bank statements and review them for unusual items, such as debit memos, and overdraft charges. The person initialing the envelope or bank statement can document this.
- An independent person should review the treasurer's bank reconciliations for accuracy. The person completing this review could initial the bank reconciliation to document this.
- An employee independent of check writing and posting duties should match purchase orders to checks and invoices. The employee who signs the checks should cancel the purchase orders and invoices to ensure invoices are not paid twice.
- To have better internal controls, it is a best practice to keep the receipt of cash, the disbursement of cash, and the posting of cash to the ledgers delegated to separate individuals.
- Also, the County should implement stronger internal controls over the computer system. All transactions should be backed up daily on a disk and should be secured off-site.

We recommend the County implement these procedures. This will help segregate the duties of the County Treasurer.

County Judge/Executive Raymond C. Smith's Response:

a. Pursuant to the provisions of KRS 68.020, the County Treasurer is the only person authorized to receive and disburse county funds. Execution of this comment would be a clear violation of the statutory obligations placed on the County Treasurer and would expose the county to greater financial risk. The fiscal court has increased the bond of the County Treasurer to more adequately reflect greater fiscal liabilities associated with the position.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2005
(Continued)

2005-03 The County Should Improve Their Internal Control Procedures (Continued)

b. Bank statements are now reviewed by the County Treasurer and County Finance Officer, reconciled by hand and then reconciled with the computer. All statements have matched to the penny in each and every month. Computer records are attached to hand statements. A daily log of mail would be repetitious and a significant waste of time and effort. Statutory provisions regarding occupational tax receipts place additional restrictions on personnel who may view the information contained in returns.

c. Bank statements are now reviewed by the County Treasurer and County Finance Officer, reconciled by hand and then reconciled with the computer.

d. Jamie Gambrel was employed to match checks with purchase orders and invoices. It is our policy that all claims are paid from invoices. Tammy Mayes, County Finance Officer is then responsible for clearing the appropriate purchase order. It has been our observation that utilities pose a greater risk for duplication than general invoices.

e. Please explain. This comment is a clear violation of KRS 68.020. Are you suggesting that we violate a statute intentionally?

f. This comment is completely unfounded. The complete system back-up is performed on the county's computer system daily by the County Finance Officer and Treasurer. The County Finance Officer and Treasurer take the tapes home each working day to prevent the total loss of information stored on the system.

Auditor's Reply:

It will not be a violation of law for the County Treasurer, with the assistance of other county personnel, to implement the procedures enumerated to strengthen internal controls. These procedures can be implemented at the same time the Treasurer fulfills his/her responsibilities under KRS 68.020. In addition, the Governor's Office for Local Development has recommended that the County Treasurer and his/her designee also be bonded.

2005-04 The Fiscal Court Should Review The Administrative Code Annually As Required By KRS 68.005(2)

The Fiscal Court did not review its Administrative Code during fiscal year ended June 30, 2005. KRS 68.005(2) requires the fiscal court to review the Administrative Code annually during the month of June and may by a two-thirds majority of the entire fiscal court amend the County Administrative Code at that time. The County Judge/Executive may at other times prepare and submit amendments to the code for approval by a majority of the fiscal court. We recommend the Fiscal Court comply with KRS 68.005(2).

County Judge/Executive Raymond C. Smith's Response:

None.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2005
(Continued)

2005-05 The Fiscal Court Minutes Should Be Complete, Adequately Maintained, And Filed In The County Clerk's Office

During our review of the Fiscal Court minutes, we found that they were being prepared by an employee who works in the County Judge/Executive's office and that they were also being filed in the County Judge/Executive's office. Further review of the minutes revealed that the claims list (expenditures approved for payment) approved by the Fiscal Court were not attached to the Fiscal Court minutes. They were filed separately from the minutes, were not signed by members of the Fiscal Court, and therefore we could not verify that the members certified that they were the claims approved for payment. Also, during our review of subsequent events, we observed that the Fiscal Court Clerk had not signed each of the minutes in July 2005. In one instance we found that the Acting Chairman did not sign the minutes. In an effort to increase controls over the Fiscal Court minutes, we recommend the claims list be indexed, attached to the minutes, and filed in the County Clerk's office. The pages of the minutes and the claims list should be sequentially numbered and signed by all members of the Fiscal Court certifying that they are correct and complete.

County Judge/Executive Raymond C. Smith's Response:

You fail to cite anything more than an individual opinion in your comment. We find no mention in Kentucky Statute requiring more than one set of fiscal court minutes be maintained. Every Fiscal Court Clerk has been duly presented and approved by the entire Fiscal Court in the same manner as the County Treasurer is required. As Fiscal Court Clerk, the individual is responsible to the entire Fiscal Court and has been instructed in that manner. It has been a long-standing tradition in Knox County that the Knox County Clerk traditionally declines to serve as Clerk to the Fiscal Court (The Fiscal Court only allows \$50.00 per meeting to maintain the minutes of the Fiscal Court Meetings), it was necessary to solicit an employee of the Fiscal Court to maintain the Fiscal Court's Minutes. Furthermore, there is no mention in your comments of any irregularity with respect to the minutes or payment of approved claims. There has never been any problem voiced by a member of the Fiscal Court or the General Public with respect to the manner in which the minutes are kept. Minutes are not signed until approval at a subsequent meeting. Voice tapes are maintained for each meeting of the Fiscal Court, as further documentation to provide for more than enough detail to accurately reflect the acts and intentions of the Fiscal Court. Claims are paid from the list presented to the Fiscal Court which may be further verified by the Finance Officer, Treasurer and Deputy Judge/Executive. The recommendations made by your office will prove far more cumbersome and expensive than any measure taken by any entity of Government. Your recommendations would easily cost as much as \$1,000.00 per meeting and require a legal transcriptionist to take minutes.

Auditor's Reply:

The recommended actions are simple and should not cause the County any additional burden or cost. First, the Fiscal Court minutes and all other records documenting the official actions of the Fiscal Court should be maintained by the County Clerk and kept in the office of the County Clerk, as required by KRS 67.100, and as done in other counties. Second, the County Clerk's records are already indexed in the normal course of business.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2005
(Continued)

2005-06 The County Treasurer Should Prepare An Accurate Fourth Quarter Financial Report

The Knox County Treasurer's Fourth Quarter Financial Report was not accurately reported. There were errors that resulted in the receipts and disbursements both being understated by \$101,265 on the financial report. We recommend the County Treasurer prepare an accurate Fourth Quarter Financial Report as required by the Governor's Office for Local Development (formerly the Department for Local Development).

County Judge/Executive Raymond C. Smith's Response:

The County's fourth quarter report for 2005 included \$101,265.00 that represented two transactions on behalf of the Knox County Hospital. We did not catch the error until after-the fact and subsequently filed an amended report with GOLD that reflects these two transactions.

2005-07 The County Treasurer Should Deposit Cashier's Checks Received From Gas And Oil Companies Into An Escrow Account In Order To Minimize Risk To County

We determined during the course of our audit that the County sometimes receives cashier's checks from gas and oil companies working in the County. These checks are received in lieu of performance bonds in case these companies damage county property during the course of their work. When the County receives these checks, they place them in their safe deposit box at the bank. If there is no damage to county property, the checks are returned to the companies at the conclusion of their work. We recommend that the County Treasurer deposit these checks into an escrow account at the bank rather than storing them in a safe deposit box. The funds can then be returned to the companies at the conclusion of their work. This will provide an accountability for the funds received and disbursed by the County, provide an audit trail, and assure the security of funds.

County Judge/Executive Raymond C. Smith's Response:

Disagree. The method Knox County uses to secure itself from damages arising from gas and oil companies has worked extremely well and helps to encourage gas and oil exploration by not requiring the additional cost of performance bonds. At the same time, a cashier's check represents an absolute assurance that Knox County will not be adversely affected by companies utilizing Knox County road rights-of-way for gas line installation. If, Knox County were to deposit these funds in an escrow account, legal action would be required to access the funds if they are required to finance repairs to county roads. That would add additional cost to the county. Furthermore, we find nothing in the statutes preventing Knox County's acceptance of cashier's checks in lieu of performance bonds.

Auditor's Reply:

The Auditor did not comment that the County violated statute, only that there is a better and safer way to secure cashier's checks. We reaffirm our recommendation to deposit the checks in an escrow account at a bank rather than storing them in a safe deposit box.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2005
(Continued)

2005-08 The County Should Maintain Documentation For Credit Card Purchases To Assure All Charges Are For Official Purchases

Auditors chose seven (7) credit card statements to test for a total of \$5,611 charges. Of the seven (7) statements auditor noted:

- Twenty-seven (27) transactions totaling \$4,742 did not have a copy of the invoice,
- Thirty-one (31) transactions totaling \$5,256 did not have copies of invoices or signature of the employees using the credit card

Some of the items that did not have receipts were:

- hotel charges totaling \$1,811
- Lowe's totaling \$1,601,
- restaurants totaling \$164
- office supplies totaling \$735
- cell phone company, additional purchases totaling \$431

Auditor also noted that the Judge's credit card had a credit limit of \$10,000 while the others tested had credit limits of \$250. When a purchase was over the \$250 limit and the employee did not use the Judge's credit card they would use several credit cards to cover the total purchase, a practice which eliminates control over large credit card charges. The payment of late charges is not a good use of public funds. Also, the former County Judge/Executive's name continues to be printed on the statements. We recommend that the Fiscal Court apply best practices when exercising its fiduciary responsibility to act as agents of the public trust. We also recommend that the Fiscal Court have more control of credit card usage and require documentation of the individual using the card and for what reason. Also, the credit card company should be notified to change the County Judge/Executive's name. The following procedures should be implemented immediately to strengthen internal controls over credit card use:

- No County employee should use another employee's credit card for any reason.
- All receipts for credit card transactions should be attached to the statement and filed for preparation of the claims list.
- Once the statement is received and all receipts related to that statement are attached to the credit card statement, a detailed list of transactions should be included on the claims list presented to the Fiscal Court for approval.

County Judge/Executive Raymond C. Smith's Response:

Concur with reservation. All charges contained in the comment were for official purposes. The number of credit cards available for public use will be reduced or eliminated. For any remaining credit cards, the procedures identified in this comment will be implemented immediately. We invite anyone to examine the purchases.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2005
(Continued)

2005-09 The County Should Maintain Complete And Accurate Capital Asset Schedules To Comply With GASB 34 Requirements

The County completed the capital asset schedules for Fiscal Year 2005. However, these schedules were not all inclusive. Auditors found additional assets that had to be added to the County's schedules. Also, these schedules had many errors and omissions. Depreciation amounts were not calculated correctly for certain assets and historical costs were not included for all assets. The number of years owned was not included for all assets or was in error. As a result of this, auditors used the County's fiscal year ended 04 schedule, as corrected by auditors, and made adjustments for additions and deletions for fiscal year 05 activity. We recommend the County maintain complete and accurate capital assets schedules, which will meet GASB #34 requirements.

County Judge/Executive Raymond C. Smith's Response:

Concur with reservations. Bonnie Garland was employed to maintain the county's capital asset schedule. It was her first year and she presented the information to the best of her ability despite the fact that nobody in the Auditor of Public Accounts Office had given her any instruction. Unfortunately, most of the capital assets owned by the county were acquired by previous administrations and adequate records were not available to capture the total assets of the county. We take exception to the fact that an employee of the Office of Public Accounts [sic] was unable to operate the program given us by the Auditors Office. Ms. Garland spent a number of hours and finally got the program to work after audit personnel were unable to. Audit personnel unilaterally devalued a number of assets that were replaced through insurance losses and did not take into account that fiscal court sets the depreciation schedule, not the Auditor of Public Accounts. A complete inventory of county property was conducted in the Spring of 2003 and was accurate and complete at that time. Adequate insurance coverage has never been an issue. It should also be noted that Knox County has undertaken an extensive inventory of all road assets and the audit personnel were informed that despite our strong encouragement, the information has yet to be returned by the Kentucky Department of Highways.

Auditor's Reply:

The Auditor of Public Accounts (APA) conducted workshops for counties to provide GASB 34 capital asset training. Sixteen of these workshops were conducted in 2002, two in 2003, and one in 2004. Of these, only one was attended by former Knox County Treasurer, Wanda Moore. Additionally, the APA offers ongoing assistance to anyone who calls from a county regarding GASB 34 implementation. No such requests for assistance have been made by Knox County. Also available since late 2003, to any local government, is extensive GASB 34 implementation information on the APA website.

Furthermore, audit personnel often make audit adjustments when they find that errors have been made in a County's depreciation schedule. This should not be confused with the County's responsibility for valuing assets appropriately which is a management function, but which must be handled within the guidelines of generally accepted accounting principles.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2005
(Continued)

2005-10 The County Should Strengthen Controls Over Employee Timesheets

During the testing of payroll, we found four (4) instances out of eleven (11) tested, where the employees' supervisors were not approving their timesheets. The test exceptions noted are for the following employees:

- County Treasurer
- Finance Officer
- Jail Transportation Officer
- Maintenance Supervisor

In order to strengthen controls over payroll and to properly account for all time worked for each employee, we recommend that the employee's supervisor approve each timesheet.

County Judge/Executive Raymond C. Smith's Response:

Concur.

Request additional information in order to prepare a detailed response to specific deficiencies noted in tests of payroll documents.

The referenced timesheets have been signed by the appropriate supervisor(s) and copies are included as attached documentation sent via facsimile and US Mail.

Auditor's Reply:

The timesheets in our test did not contain supervisors' signatures in the four (4) of eleven (11) instances noted above. No change to our comment is warranted.

2005-11 All Transfers Between Funds Should Have Prior Fiscal Court Approval

The County made the following transfers between funds without prior Fiscal Court approval:

- July 8, 2004 transfer from the 911 Fund to the Road Fund for \$150,000 – not approved until July 27, 2004
- November 30, 2004 transfer from the 911 Fund to the Jail Fund for \$25,000 – not approved until December 14, 2004
- March 31, 2005, transfer from Local Government Assistance Fund to the Jail Fund for \$6,000 – not approved until April 12, 2005
- September 17, 2004, transfer from the General Fund to the Jail Fund for \$20,000 – not approved until September 28, 2004

We recommend that all transfers between funds have prior Fiscal Court approval.

County Judge/Executive Raymond C. Smith's Response:

Concur. These transfers were done to alleviate cash flow shortages and only on an emergency basis to cover payroll costs. Additionally, a majority of the members of the fiscal court were polled by the County Judge/Executive prior to making the transfers. Cash flows have improved significantly due to a number of initiatives that we have undertaken; thus, this should not pose a problem in the future.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2005
(Continued)

2005-12 The County Should Have Better Control Over Voided Checks

During the review of invoices auditor noted that several voided checks with signatures were included in the files. We recommend that the County adopt a policy to have better control over voided checks by detaching the signatures before filing to prevent misuse.

County Judge/Executive Raymond C. Smith's Response:

Concur. The issue was corrected by the County Treasurer immediately as soon as it was brought to her attention by your staff.

2005-13 The Fiscal Court Should Properly Prepare A Schedule Of Expenditures Of Federal Awards

The County Treasurer did not properly prepare the Schedule of Expenditures of Federal Awards for fiscal year ended June 30, 2005 in accordance with OMB Circular A-133. The worksheet provided to us indicated the County had spent a total of \$1,232,015 in federal funds, while the corrected worksheet reflected \$1,227,778 in federal expenditures. During fiscal year ended June 30, 2005, a single audit was required if federal expenditures equaled or exceeded \$500,000. OMB Circular A-133 Audits of States, Local Governments and Non-Profit Organizations, section 310(B) requires the auditee to prepare a schedule of expenditures of federal awards covered by the auditee's financial statements. At a minimum, the schedule should include the following, if applicable:

- List individual Federal programs by Federal Agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For Research & Development costs, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For Example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- Provide total Federal awards expended for each individual Federal program and the Catalogue of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.
- Include notes that describe the significant accounting policies used in preparing the schedule.
- To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year-end. While not required, it is preferable to present this information in the schedule.

In the future, we recommend the County properly prepare the Schedule of Expenditures of Federal Awards and provide supporting documentation for amounts reported.

County Judge/Executive Raymond C. Smith's Response:

The situation is duly noted and we concur with comments. Since that time the Knox County Treasurer has made the necessary corrections. To the former Treasurer's credit, federal funds are often passed through the state and did not include the necessary information to determine whether the funds were state or federal. Since then, we have established a policy to provide the Treasurer with the necessary documents to track federal funds.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2005
(Continued)

2005-14 Knox County Should Properly Monitor State Transportation Bridge Grants And Should
Require Adequate Documentation For Project Costs

Knox County did not properly monitor state transportation bridge grants and failed to require contractor to submit itemized invoices for grant expenditures totaling \$651,255. During fiscal year ended June 30, 2005, the County entered into four different contracts with the Kentucky Transportation Cabinet for the purpose of building various bridges. During the audit, we found that supporting documentation maintained for these grants was not adequate since the invoices did not itemize labor, equipment and material costs associated with the project. The following is a breakdown of grant expenditures according to project that did not have adequate supporting documentation:

<u>Bridge Project</u>	<u>Expenditures During FYE 6-30-05</u>
California Hollow	\$ 15,000
Little Brush Creek	236,805
Scott Hollow	28,750
Little Brush Creek	114,000
Rolling Fork, Sugar Tree, Hubbs Hollow, Rickett Branch and Roaring Fork	<u>256,700</u>
Total	<u><u>\$ 651,255</u></u>

According to the terms of the contract agreement executed between the County and Kentucky Transportation Cabinet, the County must maintain for a period of three years all records of materials, equipment and labor costs involved in the performance of the project. Therefore, we recommend that the County require contractors to submit itemized invoices reflecting actual costs billed to the projects. We also recommend that the County implement procedures to ensure that the project is properly monitored for compliance with the terms of the grant agreement.

County Judge/Executive Raymond C. Smith's Response:

Concur. Future contracts will require an on-site inspector to verify quantities and approve all requests for payment.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2005
(Continued)

2005-15 Knox County Fiscal Court Has Questioned Costs of \$134,090 of Federal Transportation Grant Due To Failure To Comply With Allowable Costs

During our testing, we discovered that two invoices submitted for Tri County Industrial Park project contained mathematical errors that resulted in these particular invoices being overstated by \$134,090. As stated on the invoice dated November 5, 2004, the hours billed for tractor crawler equipment were listed as 180 hours at \$112 per hour for a total charge of \$85,805. However, when the auditor recomputed the amount, we discovered the line item actually computes at a total charge of \$20,160 resulting in an overstatement of \$65,645. In addition, we found another invoice dated March 7, 2005, where the hours billed for tractor crawler equipment were listed as 155 hours at \$112 per hour for a total charge of \$85,805. We recomputed this amount and found that it actually computes to a total charge of \$17,360 resulting in an overstatement of \$68,445. Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments (also known as the "A-102 Common Rule") Section 13.20 requires the county to comply with all applicable laws and procedures. The Fiscal Court should also ensure fiscal control and accounting procedures are sufficient to prepare accurate, current and complete reports. In addition the A-102 Common Rule states internal controls should be effective to adequately safeguard assets and that Office of Management and Budget Circular A-87 Cost Principles For State, Local and Indian Tribal Governments should be followed to determine reasonableness and allowability of costs. Finally, the Common Rule reflects accounting records must be supported by sufficient documentation. Therefore, we have questioned costs of \$134,090 in fiscal year 2005.

County Judge/Executive Raymond C. Smith's Response:

Require additional information.

We have reviewed the additional documentation submitted on 5/1/2006 from your office. In recalculating the two bills in question, we found the 11/5/2004 invoice to be overstated in the amount of \$65,645.00 as you have stated; however, we found a slight mistake in your calculation on the 2/2/2005 invoice. The overstated amount should be \$68,440.04, as opposed to \$68,445.00. A copy of the recalculated bill is enclosed for your reference.

It is also important to note that the Kentucky Department of Highways, District 11 Office, the Kentucky Department of Highways Accounting Office in Frankfort, and the State Accounting Office did not catch the miscalculation either.

Another aspect is the District 11 Engineer for the Kentucky Department of Highways asked that the contract be let under the county's annual standing bid with M & D General Contractors, Inc., to expedite the project's completion at the Congressman's Office insistence.

Auditor's Reply:

Attached in Exhibit B are the two invoices. These documents speak for themselves.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2005
(Continued)

2005-16 Knox County Should Properly Monitor Federal Transportation Grants And Should Require Adequate Documentation For Project Costs

Knox County did not properly monitor the Tri County Industrial Park grant activity and failed to require a contractor to submit itemized invoices for grant expenditures totaling \$358,129. On January 15, 2004, the County entered into a contract with the Kentucky Transportation Cabinet for the purpose of constructing an industrial access road. During the audit, we found that supporting documentation maintained for these grants was not adequate since the invoices did not itemize actual labor and equipment costs associated with the project or the billing time periods. Specifically, we found that invoices were prepared based on estimated amounts rather than actual costs. We also found that no written certifications verifying that the work was adequately performed were conducted. According to the terms of the contract agreement executed between the County and Kentucky Transportation Cabinet, the County is required to maintain for a period of three years all records of materials, equipment and labor costs involved in the performance of the project including certification that the work was accomplished on a publicly maintained facility. Therefore, we recommend that the County require contractors to submit itemized invoices reflecting actual costs billed to the projects. We also recommend that the County implement procedures to ensure that the project is properly monitored for compliance with the terms of the grant agreement.

County Judge/Executive Raymond C. Smith's Response:

Concur. Future contracts will require an on-site inspector to verify quantities and approve all requests for payment.

2005-17 County Payments By Checks Totaling \$346,129 Made Payable To A Company Were Either Cashed Or Deposited Into Bank Accounts Of Other Companies In Which Relatives Of The Knox County Judge/Executive Serve As Officers, Or Contained Questionable Endorsements

Between August 24, 2004 and June 14, 2005, disbursements totaling \$346,129 were made by the County with county checks to a construction company for various federal, state and county projects for which no contracts were executed or purchase orders issued, of which \$251,204 was either cashed or deposited into bank accounts of other companies in which relatives of the Knox County Judge/Executive serve as officers. Because we found checks that were either cashed or deposited into accounts other than the payee construction company's account, we performed additional procedures and discovered that the Knox County Judge/Executive's relatives are officers of two of the three other companies listed in the checks' endorsements. We also noted that one of the checks issued to the construction company was not co-signed by the County Treasurer. We found that the Knox County Judge/Executive's brother is the president and director of the other company listed in the endorsements. In addition, the County Judge/Executive did not disclose any type of relationship with the construction company in his signed financial disclosure statement filed with the ethics commission or his signed related party questionnaire obtained as part of our audit.

During our review of the checks issued to the construction company, we also noted one check totaling \$24,855 where the name of the registered agent of the construction company was listed within the endorsement. We were told by a representative of this construction company that it received no payments and performed no services for the Knox County Fiscal Court. We also performed a test of occupational taxes paid, and found no evidence that this construction company had paid occupational taxes or filed an occupational tax return with the County.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2005
(Continued)

2005-17 County Payments By Checks Totaling \$346,129 Made Payable To A Company Were Either Cashed Or Deposited Into Bank Accounts Of Other Companies In Which Relatives Of The Knox County Judge/Executive Serve As Officers, Or Contained Questionable Endorsements
(Continued)

In addition, we noted an unusual business practice where payments by checks issued to this construction company totaling \$48,175 included endorsements by individuals who either cashed the checks or deposited the checks into the bank accounts of other companies. This practice is also continuing into the current year with a different vendor. There was also one instance in which a check in the amount of \$21,895 issued to the company contained a missing endorsement. (See Exhibit A)

The above transactions may involve questionable banking practices relating to the depositing and cashing of checks by individuals other than the intended payee. The County Treasurer should obtain fronts and backs of all cancelled checks and review the endorsements. Any endorsements other than that of the intended payee should be referred to the Fiscal Court, which should seek legal advice from the County Attorney as to the appropriateness.

We recommend the County follow its Ethics Code. Any possible violations should be reported to the Cumberland Valley Regional Board of Ethics. The County Attorney should follow up on any findings by the Board of Ethics and implement recommendations made.

County Judge/Executive Raymond C. Smith's Response:

I ask that you refer to Item # 15 of the audit findings for 2004 as part of my response to this item. I wanted to use any construction company to do work for the county other than the "one" construction company the county had used for several years. I had opened the doors for others companies to bid on county work in fiscal year 2004 as previously mentioned in Item # 15 response to audit findings of 2004. The three magistrates still serving and the entire previous Fiscal Court (Judge West Administration) had shown the futility of any competitive construction by the hour bids, by the practice and accepting of all bids but never calling anyone but the "one" company to do any work. The truth is the magistrates or West Court would use only small backhoe work to anyone else and the excavator, trucks and dozer work and even the bulk of the backhoe, during emergencies was given to the "one" construction company. They would cast the crumbs to the others and call it even. This corrupt practice had slowly convinced any real serious bidders from even bidding. In effect, Knox County was a closed county. This is a private business term used in the construction industry to describe the "real" bidding practices on a great deal of the counties in Kentucky and even some geographical districts of the Kentucky Highway bidding. The "one" construction company won all of the "by the hour" work for Highway District Office # 11, especially which Knox is a county of, and even the other surrounding Highway District Offices in our Eastern Kentucky area. The reward program for this practice should possibly be looked at by the Office of Public Accounts [sic]!

The company mentioned in Item 15 of the 2005 Audit Findings was again asked by me to submit a bid to provide the equipment by the hour bid to the county. The company submitted its bid, on the advertised date and time, along with every other bidder, bidding to supply services to Knox County. The company's bid was opened and read aloud in public along with the other equipment bids and it was the lowest "by the hour" bid by specific size and type of equipment. The Court voted to accept its bid and also the motion was made by one of the three magistrates to accept all the bids and I think it was done as to not automatically exempt "their" favored company, the "one" company, from being eliminated.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2005
(Continued)

2005-17 County Payments By Checks Totaling \$346,129 Made Payable To A Company Were Either Cashed Or Deposited Into Bank Accounts Of Other Companies In Which Relatives Of The Knox County Judge/Executive Serve As Officers, Or Contained Questionable Endorsements
(Continued)

I allowed the Court to accept all equipment bids and this opened the door for me to use the low bidder, whoever that had turned out to be. The company mentioned in Item # 17 performed 80% of the larger (by the hour) construction work and it also installed a waterline in Knox County. The work was better and cheaper than any had ever been done in Knox County. The site by site construction work was done and verified by both my Road Foreman, Magistrates, and the County Attorney and Knox County was able to do more work for far less money than in any previous years. The company also installed over 5 miles of 6" waterline where the Court had been given the money to only install 3 miles of 4" water line. This increased savings for the waterline allowed us to install more for less. By allowing the 5 ½ miles of line to be installed we closed a water loop instead of having a dead end line. We also installed 6" line with this savings that allowed fire hydrants to be installed when the project was designed to only be able to install 4" line that would have not been legal to have furnished fire protection.

The "one" construction company had been allowed to install a 6" waterline on the last year of the West Administration, March 2002 through December 2002. This "one" construction company installed 7 miles of 6" waterline which was the very line that the company mentioned on Item 17 actually tied onto, and ran the rest of the water route. My point that I was dealing with corruption was proven when both prices for the work was compared. The "one" construction company had installed by the hour seven miles of waterline for a total cost of \$50.00 per linear foot in the same material and geographic area of the county. In fact, it was the line that the company on Item #17 tied onto and finished the last 5+ miles at a cost of \$7.12 per linear foot (4.62 + 2.50/ft. pipe price). Also, at the same time the Knox County Utility Commission had an independent company install 2+ miles of line at a cost of \$9.98 per linear foot. The Auditors Office never audits for waste fraud and abuse, just fraud. I think that since the auditors office was sent down to Knox County with a preconceived agenda, common sense and the truth was never noted, even after I told the auditors on a number of occasions exactly what I had done. If I had wanted to be corrupt I would have allowed the "one" construction company to continue the County's work and even reduce it's per foot price to \$40.00 per linear foot and pay me \$4.00 per linear foot cash and there would have never been a connection to me and the three magistrates and the "one" company's friends in Frankfort would have never used the auditors office to coincide and audit with my reelection bid. The company mentioned in Item #17 of the 2005 Audit was asked to do the work for cost. I asked a friend to do this to help me prove a point! He did lease some of his equipment from my brother and my brother guaranteed his materials, fuel and labor costs. My brother, having done this in other area for years, has learned the hard way to secure his money. My brother required the construction company mentioned in Item # 17 to bring in their checks and my brother would cash them and take out the monies necessary to cover his obligations.

However unorthodox this looks to Frankfort, this was done because no one intended to make a profit on these projects. Not me, not my family, not even the contractor. It was done to allow me to prove a point and allow Knox County to save a great deal of money. The money saved by Knox County was used to provide cheaper and more waterline to the people of Knox County than had ever been laid before.

The company had stated to the auditors that they had provided no work to the County because the fellow that said it was his company had actually done the paperwork in his wife's name and because of a marital problem had told her no work had been done in that company's name. As it shows, he in fact cashed one \$24,855.00 check in his over the road trucking companies. He did not continue to cash his

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2005
(Continued)

2005-17 County Payments By Checks Totaling \$346,129 Made Payable To A Company Were Either Cashed Or Deposited Into Bank Accounts Of Other Companies In Which Relatives Of The Knox County Judge/Executive Serve As Officers, Or Contained Questionable Endorsements
(Continued)

checks through the company as one of his drivers had an accident and killed another driver and he was afraid any money deposited in any of his companies would be seized. The other \$48,175.00 worth of checks were cashed for him by other friends. This act of cashing a check for someone is not illegal and as me or my family did not own this construction company, it is not a violation of the Knox County Ethics Code and the audit never cites a single law being broken.

Bottom Line:

1. *I fought fire with fire.*
2. *I proved corruption if anyone in Frankfort would care to follow up.*
3. *I corrected a corrupt business practice resulting in myself and my staff being told numerous times by Knox Countians that this action alone has earned me many votes from the taxpayers which have witnessed this corrupt practice for years and have grown tired of it.*
4. *I saved Knox County taxpayers several hundred thousands of dollars.*
5. *I provided more water line per foot and at a cheaper price with appropriate fire protection than any other Judge in the history of Knox County.*
6. *I have purchased new equipment that now allows Knox County to perform over 90% of the above mentioned work itself. Once and for all, no one can profit from the county's construction work.*

I hope this answers the reasons for my actions addressed in Item #19. I have learned a lot since coming into office on January 6, 2003. Most of what I have learned is through trial and error. One has to actually see something after the fact as there is no real preparation course to prepare one to be aware of every twist or perversion that has been so well ingrained as normal for Knox County.

I have fixed every problem and closed the door once and for all by taking the necessary actions and standing up for the taxpayers of Knox County. I may have used an unorthodox, but not illegal, practice for a government entity. Having come from the private sector, my actions made good common sense. The political and financial power of a few people in Knox County is the real problem. I ran on my own money which frees me to represent the people of Knox County and I ask that only the truth, not twisted allegations or false assumptions, be used in the public release by the Office of Public Accounts [sic]. I feel we have both been used to further the self interests of a few.

Auditor's Reply:

Attached in Appendix A is a spreadsheet and examples of the types of transactions that generated this comment.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2005
(Continued)

2005-18 The County Should Comply With Terms Of KIA Coal Development Waterline Grant

During fiscal year ended June 30, 2005, the County did not comply with the terms of the KIA grant agreement relating to waterline construction payments totaling \$207,280 made payable to one company. We noted the following relating to the payments made to the company:

Of the \$207,280 total payments to a construction company for this project, \$204,305 was cashed or deposited into the bank account of another company in which relatives of the County Judge/Executive serve as officers. The remaining payment by check of \$2,975 listed the registered agent of the construction company in the check's endorsement. However, we were told by a representative of the construction company that it received no payments and performed no services for the Knox County Fiscal Court.

Invoices did not itemize each day that costs were billed to the project; did not identify the billing time periods; and did not specify the rate per hour for equipment costs charged to the project. Invoices did not contain certifications that the work had been performed in accordance with the grant agreement. Waterline construction work performed by this construction company was not properly bid.

Terms of the grant agreement stipulate the Grantee (the County) must comply with all applicable federal and state statutes, executive orders, regulatory requirements, and policies relating to the planning and construction of the project. Further, the Grantee must require all construction contractors to pay wages pursuant to applicable prevailing wage rates (federal or state) for all work relating to the subject Project. Any unauthorized or improper expenditure of funds, or expenditure of funds other than in accordance with the terms of this Agreement, shall be deemed a default of this Agreement by the Grantee. In the future, we recommend that the County comply with the terms of the grant agreement.

The above transactions may involve questionable banking practices relating to the depositing and cashing of checks by individuals other than the intended payee. The County Treasurer should obtain fronts and backs of all cancelled checks and review the endorsements. Any endorsements other than that of the intended payee should be referred to the Fiscal Court, which should seek legal advice from the County Attorney as to the appropriateness.

We recommend the County follow its Ethics Code. Any possible violations should be reported to the Cumberland Valley Regional Board of Ethics. The County Attorney should follow up on any findings by the Board of Ethics and implement recommendations made.

County Judge/Executive Raymond C. Smith's Response:

Request additional information.

Insufficient information was provided on 5/1/2006.

See attached meeting minutes of the Fiscal Court Meeting accepting the bids and a copy of all excavator bids received on June 29, 2004 that verify the project was bid.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2005
(Continued)

2005-19 The Knox County Fiscal Court Did Not Maintain Proper Supporting Documentation For Federal Funds Resulting In Questioned Costs of \$37,303 For The May 2004 Disaster

The Knox County Fiscal Court did not submit accurate documentation to support four of the fifteen project worksheets for federal emergency disaster 1523, totaling \$3,873. During the month of July 2004, the applicant (the County) signed four project worksheets and submitted copies of invoices associated with the projects to the Federal Emergency Management Agency (FEMA) as work being completed. However, we found that the contractor was not paid for the invoices submitted to FEMA. We performed additional procedures and discovered a duplicate set of invoices for which another contractor was paid for the same projects. When we examined the cancelled check paid to the other contractor, we found that it was either cashed or deposited into a bank account of a company in which relatives of the County Judge/Executive serve as officers. We were told by a representative of the contractor that the contractor's company received no payments and performed no services for the Knox County Fiscal Court.

Our review of expenditures of other project sites revealed that this contractor company received payments totaling \$33,430 in addition to the above. These checks were either deposited into the bank accounts of a company in which relatives of the County Judge/Executive serve as officers, contained endorsements by individuals other than the payee, or, in one instance, was missing an endorsement. We were told by a representative of the contractor that the contractor company received no payments and performed no services for the Knox County Fiscal Court.

According to the FEMA Policy Handbook, a grant recipient is required to establish and maintain accurate records of events and expenditures related to disaster recovery work. FEMA also requires the grant recipient to have a financial and record keeping system in place that can be used to track transactions. Also, all of the documentation pertaining to a project should be filed with the corresponding project worksheet and maintained by the applicant as the permanent record of the project. These records become the verification of the accuracy of project cost estimates during validation of small projects, reconciliation of costs for large projects, and audits.

As a result of Knox County's failure to submit accurate documentation pertaining to four of the fifteen project worksheets, we have questioned the \$3,873 in costs associated with them. We recommend that the County implement procedures established in the FEMA Policy Handbook by maintaining, "accurate disbursement and accounting records to document the work performed and the costs incurred." We are also questioning \$33,430 for payments made for the projects in which we cannot determine if the work was completed by the vendor who received payment for the costs charged to the project.

County Judge/Executive Raymond C. Smith's Response:

Disagree. Request additional information. FEMA-DR-KY-1523 has not even been completed yet.

Insufficient information was provided on 5/1/2006.

See attached meeting minutes of the Fiscal Court Meeting accepting the bids and a copy of all excavator bids received on June 29, 2004 that verify the project was bid.

Auditor's Reply:

We confirmed that the payee for the FEMA expenditures had not received any payment or performed any services for the Knox County Fiscal Court.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2005
(Continued)

2005-20 Questionable Payments Were Made To A Company Totaling \$101,546 For Various County Road Projects

Disbursements totaling \$101,546 paid to one construction company for various county road projects are questionable. During the audit, we found instances where the County's checks issued to the company were deposited into bank accounts of a company in which relatives of the County Judge/Executive serve as officers, instances where these checks were cashed or deposited by individuals other than the payee named on the check, and one instance where the registered agent of the company in which the County Judge/Executive's relatives serve as officers was listed in the endorsement. We were informed by a representative of the company that the construction company received no payments and performed no services for the Knox County Fiscal Court.

Of the \$101,546 total, \$12,434 consisted of matching funds for FEMA disbursements paid to this construction company. Also, \$38,452 relates to costs expended for a FEMA project over the \$15,723 eligible cost allowed by FEMA. The remaining \$50,660 was for various road projects. We found that no purchase orders were issued for payments made to this construction company. Additionally, invoices were not properly itemized since they did not contain each day that costs were billed to the County and did not identify the billing time periods on the invoices.

The above transactions may involve questionable banking practices relating to the depositing and cashing of checks by individuals other than the intended payee. The County Treasurer should obtain fronts and backs of all cancelled checks and review the endorsements. Any endorsements other than that of the intended payee should be referred to the Fiscal Court, which should seek legal advice from the County Attorney as to the appropriateness.

We recommend the County follow its Ethics Code. Any possible violations should be reported to the Cumberland Valley Regional Board of Ethics. The County Attorney should follow up on any findings by the Board of Ethics and implement recommendations made.

County Judge/Executive Raymond C. Smith's Response:

Request additional information.

Insufficient information was provided on 5/1/2006.

See attached meeting minutes of the Fiscal Court Meeting accepting the bids and a copy of all excavator bids received on June 29, 2004 that verify the project was bid.

2005-21 The County Should Ensure That All Required Individuals File A Financial Disclosure Statement

During our review of financial disclosure statements, we discovered that several required elected officials, appointed officers, and employees did not file a financial disclosure with the Cumberland Valley Regional Board of Ethics. This includes the following individuals:

- County Jailer
- County Coroner
- Constables
- Chief Deputies
- Department Heads

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2005
(Continued)

2005-21 The County Should Ensure That All Required Individuals File A Financial Disclosure Statement (Continued)

Under the authority of KRS Chapter 65, Knox County Fiscal Court enacted an ordinance establishing a code of ethics to guide the conduct of elected and appointed officers and employees of the County. According to the ethics code adopted by the County, the following individuals are required to file a financial disclosure statement:

- Elected officers;
- Candidates for elected office;
- Commission or Board appointees, appointed and/or approved by the Knox Fiscal Court that receive any compensation for such appointment; and
- Chief deputies, and department heads (e.g. Ambulance Director, Road Supervisor, Assistant and Deputy Judge/Executive)

The financial disclosure statements required by the County's ethics code must be filed with Cumberland Valley Regional Board of Ethics no later than March 1, at 3:00 p.m. each year for compensated board appointees and all elected county officials and within 21 days after the filing date for candidates for county offices or their date of nomination whichever shall first occur. Any financial disclosure statement filed after this date is delinquent. We recommend the County follow its Ethics Code. Any possible violations should be reported to the Cumberland Valley Regional Board of Ethics. The County Attorney should follow up on any findings by the Board of Ethics and implement recommendations made.

County Judge/Executive Raymond C. Smith's Response:

Concur. We have requested the Cumberland Valley Regional Board of Ethics provide us with an inventory of the Financial Disclosure Forms received from Knox County and will pursue completion from all who have not complied.

2005-22 The County's Supporting Documentation For Asphalt Expenditures Totaling \$145,677 Was Incomplete

The County's supporting documentation for asphalt expenditures totaling \$145,677 was incomplete. Asphalt purchases totaled \$148,026 during fiscal year ended June 30, 2005. During the audit, we discovered that weight tickets did not properly support \$145,677 of the invoices paid for asphalt purchases. Weight tickets document that the product was received for county operations since it itemizes the day, location, the receiver, and quantity of asphalt received. Therefore, it is required that supporting documentation be maintained for asphalt purchases. In an effort to strengthen internal controls over disbursements, we recommend that the County maintain weight tickets for all asphalt expenditures. Furthermore, the County employees should sign weight tickets as evidence that the product was actually received and used for county operations.

County Judge/Executive Raymond C. Smith's Response:

Concur with reservations. We have no doubt the charges were appropriate; however; in the future, the County Road Supervisor will appoint an individual to remain with the contractor to insure that all weight tickets are captured and reconciled.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2005
(Continued)

2005-23 The County Should Adhere To Competitive Bid Regulations

Knox County failed to comply with state and local bid laws relating to contract equipment. We noted that the County let bids for contract equipment. However, rather than awarding the bid to one successful bidder, the County made a motion accepting all bids for contract equipment. KRS 424.260 states that bids for materials, supplies, equipment, or services must be obtained for expenditure of more than twenty thousand dollars. Furthermore, the County's Administrative Code sets out the procedures for the vendor and contract selection process and the prerequisites for the negotiated process. According to the County's Administrative Code, the negotiated process may be used instead of advertisement for bids if the amount exceeds \$20,000 in the following circumstances: (1) an emergency exists and (2) all bids received exceed the amount budgeted. Thus, we found that the prerequisite to use the negotiated process for contract equipment was not met. The competitive bid process ensures that the County procures goods and services at the best overall value and ensures that bidders receive a fair and equal opportunity to conduct business with the County. Therefore, we recommend that the County adhere to all applicable laws and regulations regarding competitive bid requirements.

County Judge/Executive Raymond C. Smith's Response:

Require additional information to prepare a response.

Concur with reservation. During this administration, Knox County has instituted formal procedures to solicit bids for all known services, products and equipment required by the county prior to the start of a new fiscal year. Occasionally, Knox County has purchased goods and/or services under the emergency powers of the County Judge/Executive as prescribed by KRS 39B.070.

2005-24 The County Should Obtain Refund For Federal Excise Tax Paid In Error

During the course of the audit, we found that the County did not properly review invoices for petroleum products to ensure that federal excise tax refunds were properly claimed. Because of billing issues described below, there is a potential that the County is due a refund for federal excise taxes paid on gasoline purchased at retail pumps during fiscal year ended June 30, 2004. As a political subdivision of a state, the County qualifies for the nontaxable use of gasoline. The purpose of Internal Revenue Service Form 8849, Claim For Refund of Excise Taxes, is to claim certain fuel related refunds such as nontaxable uses or sales of fuels. Claimants must file Form 8849 within three years following the close of the fiscal year. This would allow the County to also claim refunds for nontaxable uses or sales of fuels during the preceding two fiscal years. As a result, the County could potentially be due a significant refund because of the quantity of gasoline purchased. Therefore, we recommend the County refer to the guidelines set forth in Internal Revenue Service Form 8849, Claim For Refund of Excise Taxes in determining the amount of any refund that may be due to the County. The County should also confer with the vendors to determine the types of purchases for which federal excise taxes were paid and to determine the amount of any credits already taken. We recommend the County pursue a refund immediately due to time constraints for filing the refund claim.

County Judge/Executive Raymond C. Smith's Response:

Concur. We are contacting the respective vendors to complete IRS Form 8849 on our behalf, as their bid(s) were to exclude the federal excise tax on fuel.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2005
(Continued)

2005-25 The County Should Improve Monitoring Controls Over Grants Administered By Third Parties

The County expended United States Environmental Protection Agency sewer line extension grant funds totaling \$555,571 during fiscal year ended June 30, 2005 that was administered by a third party. We found no written evidence documenting that the County monitored the grant transactions handled by the third party. The grant agreement, which is subject to all applicable U.S. Environmental Protection Agency statutory provisions and assistance regulations, was executed between Knox County and the USEPA. Therefore, the County is responsible for ensuring that all terms of the grant agreement are complied with. We recommend that the County implement controls to ensure that grant transactions handled by a third party are properly monitored. Furthermore, we recommend that the County maintain written documentation as evidence of their monitoring procedures.

County Judge/Executive Raymond C. Smith's Response:

Disagree. Apparently, there is some mistake with this comment. Full documentation was presented to the Auditor of Public Accounts and the Deputy Judge/Executive was commended by your field staff for compliance with monitoring requirements before three witnesses.

Auditor's Reply:

When audit staff asked for this information, they were told it was not available. Information was subsequently provided by a subrecipient; the County did not have the documentation.

2005-26 The Local Government Economic Assistance Fund Should Repay The Road Fund \$202,780

A total of \$202,780 LGEA expenditures were paid out of the road fund in error. These expenditures consisted of waterline construction expenditures classified as road material and supplies. The Uniform System of Accounts requires that road fund and LGEA funds be classified and recorded individually to ensure that legally restricted receipts are expended for their intended purpose. Road fund receipts are to be used for the maintenance and support of county roads and bridges. Therefore, we recommend that the LGEA fund reimburse the road fund \$202,780 for waterline construction expenditures paid from the road fund in error.

County Judge/Executive Raymond C. Smith's Response:

Concur with reservation. It appears a whole series of invoices were miscoded. The total amount owed to the Road Fund was \$198,230.00. \$185,730.00 was repaid early in FY '06. The \$12,500.00 balance was repaid on April 26, 2006

See documentation sent by facsimile and US Mail.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2005
(Continued)

2005-27 The County Should Maintain Supporting Documentation For Expenditures, Pay Invoices
Timely, and Comply With Bidding Requirements

During our testing of expenditures, we found that some invoices were missing from county files and that the County did not pay for all goods and services timely. The test also revealed that the County did not comply with state and county bid requirements. Our test sample of thirty-six (36) expenditures revealed the following:

- Four (4) invoices totaling \$308,515 were not paid within thirty (30) days
- Eight (8) disbursements for gasoline purchases totaling \$13,119 did not have purchase orders or invoices
- Late charges of \$244.65 were paid

The “Uniform System of Accounts” as stipulated by the Governor’s Office for Local Development (GOLD) requires counties to maintain adequate supporting documentation for all county expenditures. Furthermore, KRS 65.140 requires any purchaser which receives goods or services to pay for those goods and services within thirty (30) working days of receipt of a vendor’s invoice. The County’s “Administrative Code” requires the Fiscal Court to select the lowest or best bidder after advertised for bid in accordance with KRS 424.260. We recommend that the County comply with these requirements by maintaining supporting documentation for all expenditures, paying invoices timely, and bidding for expenditures in excess of \$20,000, in the future.

County Judge/Executive Raymond C. Smith’s Response:

Concur. Future contracts will require an on-site inspector to verify quantities and approve all requests for payment.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2005
(Continued)

PRIOR YEAR FINDINGS:

- 2004-02 The County Should Ensure That The Same Level Of Health Insurance Benefits Are Provided To All County Employees As Stated In Kentucky Attorney General Opinion (OAG) 94-15
- 2004-03 The Jail Canteen Account Should Be Closed
- 2004-04 The County Should Improve Their Internal Control Procedures
- 2004-05 The Fiscal Court Should Review The Administrative Code Annually As Required By KRS 68.005(2)
- 2004-06 The Fiscal Court Minutes Should Be Complete, Adequately Maintained, And Filed In The County Clerk's Office
- 2004-09 The County Should Have Better Control Over Voided Checks
- 2004-10 The County Should Maintain Documentation For Credit Card Purchases To Assure All Charges Are For Official Purposes
- 2004-11 The County Should Maintain Complete And Accurate Capital Asset Schedules To Comply With GASB 34 Requirements
- 2004-12 The County's Supporting Documentation For Asphalt Expenditures Totaling \$475,121 Was Incomplete
- 2004-13 The County Should Maintain Supporting Documentation For Expenditures, Pay Invoices Timely, And Comply With Bidding Requirements
- 2004-14 The County Should Properly Prepare A Schedule Of Expenditures Of Federal Awards
- 2004-15 County Payments Totaling \$52,201 To Companies Were Either Cashed Or Deposited Into Bank Accounts Of Companies In Which Relatives Of The Knox County Judge/Executive Serve As Officers
- 2004-16 Knox County Should Properly Monitor State Transportation Bridge Grants And Should Require Adequate Documentation For Project Costs
- 2004-20 The County Should Ensure That All Required Individuals File A Financial Disclosure Statement
- 2004-21 The County Should Obtain Refund For Federal Excise Tax Paid In Error
- 2004-22 The County Treasurer Should Deposit Cashier's Checks Received From Gas And Oil Companies Into An Escrow Account In Order To Minimize Risk To County
- 2004-23 The County Should Adhere To Competitive Bid Regulations

KNOX COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

pg. 1.14.

Attachment F

04-05

Knox COUNTY
FEDERAL MONIES WORKSHEET

1	2	3	4	5	6	7	8	9	
Name of Federal Agency or Department	CFDA Number	Name of Program	Name of Grant	Grant I.D. No.	Award Amount Received	Total Award Amounts Received Per CFDA Number	Award Amount Expended	Total Awards Expended Per CFDA Number	
✓ <u>US EPA</u>			<u>Corbin 3, 4, 5, 6</u>						
			<u>Conservation</u>	<u>VE-974872030</u>	<u>512,351.00</u>		<u>555,571.00</u>		Sub Total Per CFDA Number <u>555,571.00</u>
						<u>512,351.00</u>			
B	✓ <u>Transportation Cabinet</u>		<u>Corbin 3, 4, 5, 6</u>						
			<u>Park Access Road</u>		<u>362,859.09</u>		<u>362,859.09</u>		Sub Total Per CFDA Number <u>362,859.09</u>
						<u>362,859.09</u>			
C	<u>PRIDE</u>		<u>SG 03-05</u>		<u>14,985.00</u>		<u>0.00</u>		
			<u>VE 03-16</u>		<u>8,550.00</u>		<u>0.00</u>		
			<u>Roadside Cleanup</u>		<u>461.81</u>	<u>23,996.71</u>	<u>0.00</u>	<u>0.00</u>	Per CFDA Number <u>0.00</u>

County Judge's Initials: KCS
County Treasurer's Initials: TW
Date: 10-13-05 01-11-06

pg. 2-14.

1	2	3	4	5	6	7	8	9
Name of Federal Agency or Department	CFDA Number	Name of Program	Name of Grant	Grant I.D. No.	Award Amount Received	Total Award Amounts Received Per CFDA Number	Award Amount Expended	Total Awards Expended Per CFDA Number
FEMA			✓ 2003 CERT	M-034326416	0.00		4497.71	
			CERT		0.00		3690.54	
						0.00		8188.55
Sub Total Per CFDA Number								
								1980.86
Southern Eastern Ky Tourism Dev. Assoc.			Recreation Project		1997.43			
						1997.43		1980.86
Sub Total Per CFDA Number								
FEMA			1407		3745.42			
			1475		43515.40			
			1523		128394.20		37879.66	
			1454			175755.02	50852.12	8873178
Sub Total Per CFDA Number								

County Judge's Initials: RCS
 County Treasurer's Initials: Tw
 Date: 10-13-05 01-11-06

D

E

F

pg. 3.14.

1 Name of Federal Agency or Department	2 CFDA Number	3 Name of Program	4 Name of Grant	5 Grant I.D. No.	6 Award Amount Received	7 Total Award Amounts Received Per CFDA Number	8 Award Amount Expended	9 Total Awards Expended Per CFDA Number
FWS			1/3 Smoky Spring		194,108.31	194,108.31	204,102.31	
USEPA			Stinking Creek Water Project		165,959	165,959	10,576.32	

Sub Total
Per CFDA
Number

Sub Total
Per CFDA
Number

Sub Total
Per CFDA
Number

County Judge's Initials: RCS
County Treasurer's Initials: TW
Date: 10-13-05 01-11-06

G

H

I

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Raymond Smith, Knox County Judge/Executive
 Members of the Knox County Fiscal Court

Report On Internal Control Over Financial Reporting And
 On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We were engaged to audit the financial activity of the Fourth Quarter Report of Knox County, Kentucky, as of and for the year ended June 30, 2005, and have issued our report thereon dated March 31, 2006. We did not express an opinion on the Fourth Quarter Report because based on our assessment of fraud risk, we determined the risk for fraud to be too high and we were unable to apply other procedures to overcome this fraud risk. In addition, the Fiscal Court had weaknesses in the design and operation of its internal control procedures and accounting functions. Furthermore, management elected to override the internal control procedures that were in place. In addition, management did not provide us with a representation letter required by generally accepted auditing standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Knox County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the Fourth Quarter Report and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Knox County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items: 2005-03, 2005-05, 2005-06, 2005-07, 2005-08, 2005-09, 2005-10, 2005-11, 2005-12, 2005-13, 2005-14, 2005-22, 2005-24, and 2005-27.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider all of the reportable conditions described above to be material weaknesses.



Report On Internal Control Over Financial Reporting
And On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether Knox County's Fourth Quarter Report is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items: 2005-01, 2005-02, 2005-04, 2005-05, 2005-06, 2005-08, 2005-11, 2005-17, 2005-18, 2005-20, 2005-21, 2005-23, 2005-26, and 2005-27.

This report is intended solely for the information and use of management and the Governor's Office for Local Development and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Crit Luallen', with a long horizontal flourish extending to the right.

Crit Luallen
Auditor of Public Accounts

Audit fieldwork completed -
March 31, 2006

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Raymond Smith, Knox County Judge/Executive
 Members of the Knox County Fiscal Court

Report On Compliance With Requirements
 Applicable To Each Major Program And On Internal Control
Over Compliance In Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Knox County, Kentucky, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2005. Knox County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Knox County's management. Our responsibility is to express an opinion on Knox County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Knox County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Knox County's compliance with those requirements.

As described in items 2005-15, and 2005-19 in the accompanying schedule of findings and questioned costs, Knox County Fiscal Court did not comply with requirements regarding, activities allowed or unallowed, and allowable cost principles that are applicable to its major program: U.S. Department of Transportation. We also tested the U.S. Department of Homeland Security, which was not a major program. Knox County Fiscal Court did not comply with requirements regarding questioned costs that are applicable to this program. Compliance with such requirements is necessary, in our opinion, for Knox County Fiscal Court to comply with requirements applicable to each program.

In our opinion, because of the effects of the noncompliance described in the preceding paragraph, Knox County Fiscal Court did not comply in all material respects, with the requirements referred to above that are applicable to U.S. Department of Transportation and the U.S. Department of Homeland Security.



Report On Compliance With Requirements
Applicable To Each Major Program And On Internal Control
Over Compliance In Accordance With OMB Circular A-133
(Continued)

Internal Control Over Compliance

The management of Knox County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Knox County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Knox County Fiscal Court's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. A reportable condition is described in the accompanying schedule of findings and questioned costs as items 2005-13, 2005-16, and 2005-25.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable conditions described above to be material weaknesses.

This report is intended solely for the information and use of management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

Respectfully submitted,



Crit Luallen
Auditor of Public Accounts

Audit fieldwork completed -
March 31, 2006

**CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

KNOX COUNTY FISCAL COURT

**For The Fiscal Year Ended
June 30, 2005**

CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS
KNOX COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2005

The Knox County Fiscal Court hereby certifies that assistance received from the Local Government Economic Development Program and Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Raymond C. Smith, County Judge/Executive



Tammy Wine, County Treasurer

KNOX COUNTY FISCAL COURT
SCHEDULE OF IRREGULARLY NEGOTIATED CHECKS
COPIES OF CANCELLED CHECKS

KNOX COUNTY
SCHEDULE OF CHECKS IRREGULARLY NEGOTIATED

Payee	Check Date	Check Number	Check Amount	Business 1	Business 2	Business 3
				Business Accounts Check Deposited Into or Cashed		
				Company Where County Judge/ Executive's Relatives Are Officers	Company Where County Judge/ Executive's Relatives Are Officers	Company Where County Judge/ Executive's Brother Is President And Director
Trucking Company	05/16/03	12704	\$ 22,198.92	\$ 22,198.92		
Trucking Company	06/25/03	12768	8,282.39	8,282.39		
Trucking Company	08/24/03	12893	4,679.13	4,679.13		
Trucking Company	10/21/03	13072	8,196.33	8,196.33		
Trucking Company	12/23/03	13204	4,420.42	4,420.42		
Trucking Company	06/04/04	13467	1,320.57	1,320.57		
Construction Company A	03/09/04	13346	11,850.00	11,850.00		
Construction Company A	06/04/04	13468	9,585.02		9,585.02	
Construction Company A	06/04/04	13469	700.00	700.00		
Construction Company A	05/28/04	122	11,450.00	11,450.00		
Construction Company B	08/24/04	13640	15,600.00	15,600.00		
Construction Company B	09/14/04	13659	28,525.00	28,525.00		
Construction Company B	09/28/04	13673	24,500.00	24,500.00		
Construction Company B	10/12/04	13688	18,400.00	18,400.00		
Construction Company B	10/28/04	13722	2,275.00	2,275.00		
Construction Company B	10/26/04	13719	22,525.00	22,525.00		
Construction Company B	11/09/04	13755	24,855.00			
Construction Company B	11/23/04	13766	24,750.00		24,750.00	
Construction Company B	12/14/04	13804	10,000.00		10,000.00	
Construction Company B	01/05/05	13837	35,000.00			35,000.00
Construction Company B	02/08/05	13905	12,798.24			12,798.24
Construction Company B	02/17/05	13929	20,475.00			20,475.00
Construction Company B	03/08/05	13946	18,200.00			18,200.00
Construction Company B	03/22/05	13966	21,895.00			
Construction Company B	04/12/05	13994	13,656.00			13,656.00
Construction Company B	04/26/05	14018	12,000.00			
Construction Company B	05/10/05	14047	12,000.00			
Construction Company B	05/24/05	14051	12,175.00			
Construction Company B	06/14/05	14105	12,000.00			
Construction Company B	04/14/05	3729	4,500.00			4,500.00
Totals			\$ 428,812.02	\$ 184,922.76	\$ 44,335.02	\$ 104,629.24

KNOX COUNTY
SCHEDULE OF CHECKS IRREGULARLY NEGOTIATED
(Continued)

		Individual 1	Individual 2	Individual 3
Other Endorsements		Cashed Or Deposited By Individuals Other Than The Payee		
Endorsement		Endorsement	Endorsement	Endorsement
Includes		Includes	Includes	Includes
Registered		Individual Other	Individual Other	Individual Other
Agent's	Missing	Than The	Than The	Than The
Name	Endorsement	Check Payee	Check Payee	Check Payee
24,855.00				
21,895.00				
		12,000.00		
			12,000.00	
				12,175.00
				12,000.00
<u>\$ 24,855.00</u>	<u>\$ 21,895.00</u>	<u>\$ 12,000.00</u>	<u>\$ 12,000.00</u>	<u>\$ 24,175.00</u>

Marion Trucking
Frank Marion

**PAY TO THE ORDER OF
NATIONAL CITY
FOR DEPOSIT ONLY
BKW WOOD PRODUCT LLC**

0450 54700

001-100

NATIONAL CITY 3/16/03 11:30 AM 40233

KNOX COUNTY FISCAL COURT
ROAD & BRIDGE FUND
P O BOX 173
BARBOURVILLE, KY 40906-0173

NATIONAL CITY BANK
LOUISVILLE, KY 40233
21-5/830

12704

Memo:

Twenty-Two Thousand One Hundred Ninety-Eight and 92/100 Dollars

AMOUNT

May 16, 2003

**\$22,198.92

TO THE
ORDER
OF
Marion Trucking
Frank Marion
1309 Payne Branch
Callebs Creek, KY 40953

KNOX COUNTY FISCAL COURT

AUTHORIZED SIGN

⑈012704⑈

Security Features Included

Details on Back

KNOX COUNTY FISCAL COURT
ROAD & BRIDGE FUND
 P O BOX 173
 BARBOURVILLE, KY 40906-0173

NATIONAL CITY BANK
 LOUISVILLE, KY 40233
 21-5/830

12768

PAY
Memo:

Eight Thousand Two Hundred Eighty-Two and 39/100 Dollars

Jun 25, 2003

***\$8,282.39

AMOUNT

TO THE ORDER OF
 Marion Trucking
 Frank Marion
 1309 Payne Branch
 Callebs Creek, KY 40953

012768

[Signature]
 KNOX COUNTY FISCAL COURT
 AUTHORIZED SIGNATURE

Marion Trucking
Frank Marion
PAY TO THE ORDER OF
NATIONAL CITY
FOR DEPOSIT ONLY
BKW WOOD PRODUCT LLC

SEP 14 10 31 AM '03
 NATIONAL CITY 3166/27/03
 KYC TENDITION

Security Features Included

Details on Back

*Grade All Construction
BRW Timber Co.*

22 54274

UNION NATIONAL
BANK AND TRUST
COMPANY
BARBOURVILLE, KY

12/23/2004 10:04:55 AM
TRC=3753 PK=05
12/23/04 10:04:55 AM

NATIONAL CITY BANK
12/23/04



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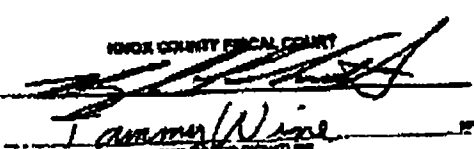
KNOX COUNTY FISCAL COURT ROAD & BRIDGE FUND P.O. BOX 3173 BARBOURVILLE, KY 40906-0173		NATIONAL CITY BANK LOUISVILLE, KY 40233 216/830		13766
PAY Twenty-Four Thousand Seven Hundred Fifty exactly		DATE 11/23/2004		AMOUNT \$24,750.00
TO THE ORDER OF: Grade All Construction Girdler KY -		KNOX COUNTY FISCAL COURT <i>Barbara A. Murphy</i> AUTHORIZED SIGNATURE		
013766				

Security Features Included

Details on Back

KNOX COUNTY FISCAL COURT ROAD & BRIDGE FUND P O BOX 173 BARBOURVILLE, KY 40908-0173		NATIONAL CITY BANK LOUISVILLE, KY 40223 21-5830		014047
		05/10/2008	\$12,000.00	
PAY	Twelve Thousand exactly	DATE	AMOUNT	
	GradeALL Construction			
TO THE ORDER OF:	Girder KY 40943	KNOX COUNTY FISCAL COURT <i>Tammy Wine</i> H. J. C.		
#014047#				

NATIONAL CITY 21-5830		EXHIBIT Grade ALL James Elton Smith Aladdin Smith
NATIONAL CITY 21-5830		DO NOT WRITE, STAMP, SIGN OR LINE IN THESE SPACES

KNOX COUNTY FISCAL COURT ROAD & BRIDGE FUND P O BOX 173 BARBOURVILLE, KY 40906-0173		NATIONAL CITY BANK LOUISVILLE, KY 40233 21-5000	14018 014018
PAY Twelve Thousand exactly		DATE 04/28/2005	AMOUNT \$***12,000.00
TO THE ORDER OF: GradeALL Construction Girdler KY 40943-		KNOX COUNTY FISCAL COURT  AUTHORIZED SIGNATURE	
#014018#			

35042005
 ENT=3627 TRC=3632 PK=05

KNOX COUNTY
 BANK AND TRUST
 COMPANY
 BARBOURVILLE KY
 40906-0173

124 2524 01 011 20050428

Grade ALL
 Dennis Allen
 Dept William Bailey
 Dept Deposit Only

KNOX COUNTY FISCAL COURT
ROAD & BRIDGE FUND
P O BOX 173
BARBOURVILLE, KY 40906-0173

NATIONAL CITY BANK
LOUISVILLE, KY 40233
21-5/830

013755

13755

PAY Twenty-Four Thousand Eight Hundred Fifty-Five exactly

11/09/2004 \$***24,855.00

DATE AMOUNT

GradeALL Construction

Girdler KY -

TO THE
ORDER
OF:

KNOX COUNTY FISCAL COURT

Tammy H. Hine
AUTHORIZED SIGNATURE

⑈013755⑈

53144 HO 370 851 0 0014
58/51/1113 5113 740114


Pamela Elson
~~*D.B.A. grade All Const.*~~
D.B.A. grade All Const.

Grade All Construction

PAY TO THE ORDER OF
NATIONAL CITY
FOR DEPOSIT ONLY
BKW WOOD PRODUCT LLC

SEP 14 2004 11:13 AM
FBI - KNOX

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KNOX COUNTY FISCAL COURT ROAD & BRIDGE FUND P.O. BOX 173 BARBOURVILLE, KY 40906-0173		NATIONAL CITY BANK LOUISVILLE, KY 40233 21-51630		013659
PAY		Twenty-Eight Thousand Five Hundred Twenty-Five exactly		09/14/2004
TO THE ORDER OF:		GradeALL Construction		\$***28,525.00
Girdler KY.		DATE		AMOUNT
1101365911				
		KNOX COUNTY FISCAL COURT		
		AUTHORIZING SIGNATURE		
		Security Features Included		Details on Back

ENDORSE HERE
Pay to the Order of
NATIONAL CITY
FOR DEPOSIT ONLY
BKW WOOD PRODUCT LLC

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001-100

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CINCINNATI, OHIO

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**KNOX COUNTY FISCAL COURT
ROAD & BRIDGE FUND**

PO BOX 173

PUBLIC KEY

BARBOURVILLE, KY 40906-0173

NATIONAL CITY BANK
LOUISVILLE, KY 40233
21-5/830

21300

21300

013468

13468

PAY

Nine Thousand Five Hundred Eighty-Five and 2/100ths

06/04/2004

*******9,585.02**

DATE _____

AMOUNT

**TO THE
ORDER
OF:**

Partin Construction Inc.
5112 Hickory Hill Circle
Duff TN 37729-3422

"013458"

KNOX COUNTY FISCAL COURT

KNOX COUNTY FISCAL COURT
[Signature]
I am with me

Partin Construction Inc.
BKW Timber Co. ~~DEA~~

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KNOX COUNTY FISCAL COURT
ROAD INVOICES

